

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
January 8, 1992**

Mr. Chairman, Ladies and Gentlemen of the Board, this month strikes me as a particularly appropriate time to step back for just a few moments to review where we've been and where we're going.

This morning, Senior Vice Presidents Erickson and Infante joined me in presenting a new institutional strategic planning initiative for the next several years. The title, "*Planning for Planning*," might start readers out with the wrong impression—that the University of Minnesota is just getting into the business of strategic planning. As the paper explains clearly, strategic planning is nothing new to the University; we've been at it for nearly fifteen years.

What's new for our strategic planning is our environment—changes in many forces that we cannot control, but to which we must adapt, and changes that we already have accomplished through our earlier strategic planning:

- *Commitment to Focus* (1985);
- *Academic Priorities* (1988);
- *Restructuring and Reallocation* (1991) and its several initiatives.

From its very beginning in the 1970s, institutional planning and institutional change have been regarded as continuous processes that can never be "done," but must be kept up to date to account for successes and failures, to adapt to new realities, to keep moving the horizon out into a better planned future. In 1993, we have passed the horizon of *Commitment to Focus*, we are at the horizon of *Academic Priorities*, and we are midway through the *Restructuring and Reallocation Plan*. For those reasons alone, it's time to develop our next steps.

What's also new is almost the entire cast of decision-makers—University administrators, members of the University community's governing and advisory bodies, and the elected officials and their staff members in state government.

Personally, I have been involved in the University's strategic planning through three and a half of its early years and four its most recent years. I know where we started, where we wanted to go, and how we intended to get there. I know the successes and failures and the difficulties we ran up against, and I'm aware of—and encouraged by—the extent of quality improvements and institutional change that have been accomplished.

My own involvement in the last four years has been dominated by the challenge to communicate our plans and accomplishments, and I have learned the hard way that previously well-informed decision-makers have a devilishly difficult time keeping track of our planning and accomplishments—and that new decision-makers, on campus and off, are faced with literally reams of documents that they could read to get up to speed.

They don't have time, and you don't have time, so I will try my hand at a summary that puts the 1993 legislative request and our strategic planning effort in perspective.

• **Shared Responsibilities for Making Choices and Making Improvements** •

The commitment to focus was a "contractual" commitment to make choices.

It was a commitment to make choices in order to change—to take action to solve some long-standing problems, to stop doing some things, to curtail others, and to focus on higher priority activities that are especially important to the University and the state.

The overriding goal of change was quality improvement—better teaching, better research programs, better outreach—doing more effectively and efficiently those things that the University can and should do, and working with others to find better ways to accomplish the work that should not be the University's priority or responsibility.

From the outset in the mid-1980s, making choices to improve quality was recognized as a shared responsibility:

- a statutory "contract" between the University and state government, in which
 - the University was allowed to decrease undergraduate enrollment without losing instructional funding, reallocating that money, instead, to specified undergraduate programs; and
 - the University was allowed to use the Permanent University Fund to match private contributions for the specified purpose of establishing endowed chairs and professorships to recruit and retain the finest faculty talent;
- a less formal, but clear commitment, in which the University identified other program improvement initiatives in biennial budget requests, proposing partial funding from the state that would be matched through internal University reallocation;

- a list of twenty specific issues and actions that the University would take—and has taken—for example:
 - eliminating General College degree programs and other two-year degrees on Twin Cities and Duluth campuses;
 - developing new preparation requirements and a common point of entry for Twin Cities lower division;
 - enrollment reductions or caps in schools of Management, Education, Nursing, I.T., Veterinary Medicine, Dentistry, Pharmacy, Medicine;
 - planning initiatives by the coordinate campuses and the Minnesota Extension Service;
 - distance learning coordination and technology development
- University leadership in strengthening preparation requirements—courses taken in the secondary schools to improve readiness for college—and to reduce remedial instruction at the college level; and
- a University commitment to exercise leadership among all of Minnesota's higher education, particularly the public systems, to improve cooperation and coordination.

• The Results: Quality Improvements and Progress •

The University has honored the commitment to focus, making the choices and pursuing and delivering the quality improvements that were planned and promised.

Undergraduate enrollment targets over the original five year period have been met—a reduction on the Twin Cities campus of 6,000 FYE students—and the University has reallocated that share of instructional funds to those undergraduate colleges that were the most seriously underfunded.

The Minnesota Campaign was far more successful than originally predicted. The original goals were \$300 million and 100 new endowed chairs and professorships; the results at the end of the three-year effort were \$365 million and 144 endowed positions, and more than 100 additional chairs and professorships have been added since the end of the Campaign.

Beyond the budget adjustments associated with enrollment management, the 1987 and 1989 legislatures were able to provide modest appropriations increases for quality improvements:

- graduate and professional student scholarships and fellowships, which have had a major effect on the University's ability to compete for talented students;

- library acquisition funds, which have allowed the University to at least stay closer to the dramatic increases in those costs;
- instructional equipment, allowing the University to address the most serious needs;
- funds for teaching assistant training, which allowed the University to increase that effort; and
- access to a larger share of indirect cost recovery funds from grants and contracts, which allowed the University to compete more successfully for sponsored research and training funds.

These requests were based directly on University quality improvement plans presented to the legislature in the mid- and late-1980s. The University and the legislature worked together, toward goals clearly stated in fully shared plans.

University leadership was widely acknowledged. Secondary schools responded to strengthened preparation requirements by expanding curricula. The State University System adopted similar preparation requirements and its own quality improvement initiative, "Q-7: Quality on the Line." Joint admissions and transfer-of-credit agreements were developed.

• **The Initiative for Excellence in Undergraduate Education** •

In my inaugural address in late 1989, and subsequently in a series of discussion papers in the winter and spring of 1990, *The Initiative for Excellence in Undergraduate Education* was developed as a mission statement for undergraduate education and a set of key questions to be addressed in our quality improvement efforts:

- What should the undergraduate curriculum be like?
- Who should our student be—and why— and how do we attract students and make it possible for them to attend and graduate?
- How do we provide advising and counseling?
- How do we assure quality teaching?
- How do we provide a good learning environment?
- How do we create a sense of community?
- How do we know that we are improving undergraduate education at the University of Minnesota?

• Staying the Course in the Face of State Budget Crises •

Entering the 1990s, it was already apparent that Minnesota's state budget problems would limit the state's ability to provide program improvement appropriations. The "Restructuring and Reallocation" plan was developed in the fall of 1990. The full title of that plan should be noted—**Restructuring and Reallocation: Improving Quality in a Time of Limited Resources**. It was—and is—a plan that that puts our own money where our mouth is; it says that we care enough about quality improvement to address our own priorities by making tough decisions within existing budgets—not making assumptions that new state money is the only road to quality improvements.

Shortly after we presented that plan, when the state budget problems became more serious, we withdrew our request for increases in the 1991 legislative session.

- "Restructuring and Reallocation" called for the reallocation of \$58 million, an internal shift totaling more than 12% of the University's annual appropriation from tax funds, and doing so over a five-year timetable—sooner if possible.
- Of that total, \$21 million was to be reallocated from some units to others, primarily to colleges and campuses with heavy undergraduate enrollments (CLA, IT, UMD, UMM).
- \$7.56 million in reallocations were directed to six system-wide initiatives:
 - Undergraduate initiative
 - Minority recruitment and retention
 - K-12 initiatives
 - Research initiatives and technology transfer
 - International education
 - Intercampus telecommunications serving Greater Minnesota.
- The remaining \$37 million was to be reallocated within collegiate units, shifting funds from lower to higher priority activities according to accepted plans.
- By 1992-1993, the second year of the five-year plan, more than one-half of these reallocations have been budgeted, thus keeping to an accelerated schedule.

The prospects of continued state budget problems meant that the University would have to find money within the existing budget to shift to the highest priorities. Under the very best conditions, reallocation decisions are tough enough. After several years of budget cutbacks, the easy choices were long gone.

Programs that had survived had already demonstrated their priority and importance.

In view of the ambitious scope of reallocations that the University had already taken on, the University argued that its budget base should be protected from simple, across-the-board cuts in the 1992-1993 biennium. Conditions turned out to be much worse. Tangible recognition of the tough decisions already being made by the University was not forthcoming, and in fact the University's state budget reduction was a substantially greater percentage than two of the other three public systems.

- Over the course of the 1992-1993 biennium, the University's direct state appropriation was reduced from the 1990-91 base level by \$42.9 million.
- Because the legislature did not provide funds for salary increases and inflation adjustments for the 1992-1993 biennium, a combination of further program cuts and tuition increases had to be put in place to avoid freezing salaries and supply budget for two years in a row.

In spite of these conditions, reallocations are still being carried out, ahead of schedule. That is a concrete demonstration that the University cares about staying on the course of quality improvements. It would have been far easier to use the state budget cuts as an excuse to duck the tough decisions.

• Reaffirming the Goals •

All of the planning and budgeting processes and decisions to date are based on staying the course toward quality improvements.

That's true of the annual Presidential Goals, Objectives, and Work Plans that guide the agendas of every meeting of the President's Cabinet and that also serve as the basis for the Board's yearly evaluation of the President, as well as the President's yearly evaluation of the Vice Presidents and Chancellors and, in turn, their evaluations of the administrators who report to them.

That's true of the Restructuring and Reallocation Plan, the Undergraduate Initiative, the University administration's Statement of Management Directions. That's also true of the annual budget processes and the biennial budget and capital improvements requests, all of which are, themselves, expressions of the University's continuing contract with the people of Minnesota.

We have not allowed the fundamental course of our annual and biennial budgeting and planning decisions to shift with every challenge and fashion that comes along. We have promised the people a course of action, and we've stuck to it, but the planning process, itself, must continue to evolve.

The institutional strategic planning we are undertaking this year addresses three "framing questions," and seven areas of strategic planning issues:

- What is the appropriate balance of funding sources for the University?
- What is the proper balance for instructional programs and degrees at the University?
- What is the appropriate balance among the University's three primary missions?

1. HOW WE TEACH

- *Recruiting and orientation of new students*
- *Strengthening the learning environments for everyone, for post-secondary option students, for new undergraduates, for seniors, for those seeking professional degrees, for research scientists, for life-long learners*
- *Globalizing the learning experience at the university*
- *Evaluating the applied and employment-oriented educational needs of our undergraduate, graduate, and professional students*
- *Structuring the learning experience in the context of rapidly changing demographics particularly in metropolitan areas where our largest campuses are located, and the availability of teaching technologies*
- *Extending collaborative relationships, like those in Rochester and those proposed for Crookston, with other parts of the post-secondary system, especially for undergraduate education in the Twin Cities*
- *The present calendar and the possibility of changing to the semester system*

2. RESEARCH

- *Maintain the highest possible quality*
- *Attract and retain the human and financial resources necessary for successful research programs*
- *Link our research and scholarship more effectively to our teaching and training programs*

- *Strengthen the connections of our research and scholarship to the needs of the state through improved outreach programs.*
- *Establish structures inside the university that facilitate and enhance our research.*
- *Develop collaborative research and graduate training programs with other graduate institutions in the region, particularly in Wisconsin, Iowa, North Dakota, and South Dakota, and elsewhere as opportunities arise*

3. OUTREACH

- *Expand and strengthen the tradition of the land-grant university and its extension service*
- *Enhance the use of telecommunications and distance learning in the delivery of university resources across the state*
- *Strengthen the university's institutional capacity to extend its teaching and research resources*
- *Make choices and set priorities for outreach so it focuses on meeting the most important needs while retaining maximum accessibility*

4. MANAGEMENT, ORGANIZATION, AND ACCOUNTABILITY

- *Establishing management structures that provide appropriate oversight and accountability while at the same time encouraging and facilitating the creative talents and activities of the faculty and staff*
- *Deciding which functions and activities inside the university should be centralized and which decentralized, then implementing those decisions*
- *Analyzing the present structure of departments and colleges to determine if this is the most effective way to organize teaching, research, and outreach activities*
- *Reshaping incentive systems at the university to support appropriate activities and encourage needed change in the way we carry them out*

5. HUMAN RESOURCES

- *Insuring the best possible recruitment, orientation, retention, and staff development for all university employees with particular attention to issues of quality, diversity, and changing demographic characteristics*
- *Establishing and maintaining appropriate workloads and compensation, and opportunities for redress of grievances*
- *Maintaining the highest levels of productivity and morale for all University staff*

6. TECHNOLOGY INFRASTRUCTURE

The University's "business" is *knowledge* and central to the knowledge business -- to its creation, analysis, storage, retrieval, transmittal -- is modern information and communication technology. Our planning must assist us to develop and properly manage communication and technology systems that will enable us to meet our primary goals for teaching (on and off campus), research and scholarship, outreach, and institutional operations.

7. FINANCE

- *What are the bases and potential levels of support available to the university from state appropriations, student tuition, grants and contracts, private fundraising (including alumni giving), fees-for service, etc.?*
- *What additional cost-containment measures can be made?*
- *What are the possibilities and limitations of further reallocations?*
- *How can we finance substantial deferred maintenance costs, continue to maintain existing buildings, and afford the costs associated with new buildings under construction?*
- *Should we continue to move towards the "privatization" of certain programs of the university?*
- *What further directions can be taken in the university's" participation in private-public partnerships?*
- *What is the proper balance between continued growth in research grants and contracts and the teaching and outreach missions of the university?*

The University and the state government now face the most serious challenge to staying the course. We face, together, an undeniable state budget crisis that must be addressed in the 1993 session, a session that will be laden with tough choices for the Governor and the legislature. One of the toughest will be whether to keep the University on course.

• Priorities of the 1993 Legislative Request •

The University's top priorities for the 1993 session are addressing two types of unavoidable cost increases: inflation and deferred maintenance.

Inflation happens. The question is how much, and the University's request is based on the prediction of 3.5% each year. The issue is whether to adjust budgets to help protect current buying power. The alternative is less buying power—or cutting programs and personnel to make up the difference.

If salary budgets are not adjusted for inflation, that is a decision to cut the purchasing power of faculty and staff. It's punishment that has nothing to do with productivity or merit. And, to the extent that other universities and employers do adjust salaries to compensate for inflation, Minnesota's competitiveness is undeniably eroded.

In many areas of supply budgets, no adjustment means an even greater rate of erosion than the general inflation rate. For some expenditures, there is no option to buy less; fixed requirements simply cost more, meaning that even less of something else can be purchased. For others, such as library materials, the actual rate of price increases is higher than the general inflation rate, so even an adjustment based on the general rate translates into more lost buying power—fewer materials bought and made available to those who need them.

Annual adjustments to compensate for inflation are the top priority in University's request to the 1993 legislature. Based on the projection that inflation will be 3.5% each year, the total increase needed is \$51.4 million over the biennium.

In a budget of any size, a request based on even a modest inflation rate is a large request in dollar terms—larger than the entire lists of requests for new or increased programs that have been proposed to earlier legislatures. Inflation adjustments don't have the excitement of new program initiatives. At any one period, they don't have the obvious support of constituencies; it's only after constituents have seen services eroded year after year—to the point where the erosion has personal impact—that the wisdom of preventive measures becomes more obvious.

Our second priority is to be allowed to keep \$6.5 million per year from indirect cost recoveries, the funds that we receive from sponsors of research and training

grants, and to be allowed to use those funds to address deferred maintenance needs.

Preventive measures to maintain infrastructure are equally wise, but also neither exciting nor loudly supported by constituencies. To be sure, for one year, good luck might allow the deferring of regularly scheduled maintenance work. Doing that year after year after year, however, means certain erosion; it means letting problems get so severe that they cost much more to solve than they would have cost to prevent. It means building up a backlog—the University's backlog was \$300 million in 1991—and while one-third of that is being addressed by the steam plants renovation project, \$200 million remains. And, the backlog continues to grow faster than the current University budget is able to chip away at it. The University is already committed to another \$9 million of internal reallocation decisions to address part of this need, but without additional state funds, the erosion will continue, the backlog will continue to grow, and the eventual costs of repair and replacement will be that much greater than the investments that should be made now.

• The Consequences of Erosion •

The University cannot simply let everything slide a little bit more, year after year. The consequence of that is to erode the quality improvements that have taken so much to develop—and to erode the University's service to the state.

From 1986 through 1991, for example, we were able to demonstrate steady improvement in course section sizes. Taken by itself, section size is not a measure of quality, but section size clearly is a factor influencing quality. We now have the report on course section size in 1992, and the effects of the budget cuts in this biennium are being felt.

- The systemwide average section size increased 1.4% from fall '91 to fall '92.
- The increases are all at the lower division level, where sizes increased 5.9%.
- In fall '91, 64.3% of all sections systemwide had fewer than 20 students; in fall '92, it's 62.7%
- At the lower division level, the percentage of sections with fewer than 20 students fell from 56.9% in 1991 to 51.3% in 1992.

These sizes are still much better than those we measured in 1986. The erosion of progress is small—not enough for alarm—but the movement is in the wrong direction, to be sure. The alarming part is that this the kind of erosion that got us into trouble in the 1960s and 1970s. Garrison Keillor said it as well as anyone:

"...it isn't worth beans if you let public education slide."

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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
February 12, 1993**

Mr. Chairman, Ladies and Gentlemen of the Board, to supplement the explanatory material that you received earlier, I'd like to begin this month's report with some comments on the Governor's Budget.

• The Governor's Budget Recommendations •

Before we even start discussing the implications of the Governor's budget, it's critical to remind everyone that the University is already facing some very substantial, very tough budget choices for the next biennium.

- We are committed to the five-year, \$60 million reallocation plan. Some University budgets will have to be cut in order to stay on track.
- We also face a number of unfunded costs that will have to be met by additional cuts and reallocations, particularly for debt service and operating costs of new facilities.
- What's not yet clear is how much additional budget cutting and reallocation the Governor's recommendations would require.

While the news coverage has focused on a "one-year salary freeze," the fact is that the budget provides no money for salary increases in either year of the biennium.

That's the same situation we had in the last biennium, when we also suffered a \$43 million cut in our budget base. We were appropriated no salary increase money then, either. At the University, we couldn't give a salary increase for the first year; we gave one for the second year, but only by cutting program budgets and increasing tuition.

If there are negotiated settlements providing salary increases in state government, that will again mean comparable increases at the University, and the money will have to come from new, additional program cuts or tuition increases.

The Governor's budget proposal represents a \$27.6 million net biennial reduction in the University's state-funded budget.

The budget proposes and assumes that much of that reduction will be made up by tuition increases, and it proposes increased student financial aid to offset the tuition increases for students with defined financial need.

There have been, however, news stories indicating that the Executive Branch may be willing to change certain aspects of those proposals, but subsequent signals have been "mixed," and at this moment, I do not have firm information on the likelihood or nature of any changes.

The Governor's proposal to eliminate state subsidies of practitioner-oriented degree programs was a major problem for us. It seemed to fly in the face of the "MSPAN" studies and the considerable discussion of the importance of these degrees in Minnesota's future. In the hope that this proposal is a change that might be possible, I'll hold off making additional comments now.

Despite the uncertainties that we now face regarding the impacts of reduced state appropriations and the impacts on tuition and financial aid, I must emphasize that the Governor's budget imposes, *de facto*, at least two other kinds of real cuts that would have serious impact on the University community:

- **\$30.6 million in real cuts in the purchasing power of University employees; and**
- **\$20.8 million in real cuts in the purchasing power of programs.**

Those kinds of cuts seldom get counted or reported as governmental budget actions, but they are absolutely real. Governmental action to ignore inflation does not mean inflation goes magically away. The dollars do buy less.

The old saying is that "the governor proposes, and the legislature disposes." Whatever changes may be in the offing, whether in the Executive Branch proposals or in the Legislative Branch dispositions, it is increasingly clear to me that we are at a point where it is necessary to either reaffirm or renegotiate our contract.

We entered into our contract in 1987—actually some key quality improvement and private fund-raising initiatives were agreed upon in 1985—and reaffirmed the contract in 1989. Important features of that contract expire, by law, in 1993, and those matters were already on the 1993 session's legislative agenda. What's clear to me is that this agenda must be broader than the specific matters of enrollment management and Average Cost Funding.

Whether we use the terms "contract," "commitment," "reinventing government," or even "growing the economy," we have to face up to fundamental decisions about the nature, structure, and future of the University of Minnesota—and higher education in general.

Those decisions won't wait till 1995. They won't wait till there's a better time that may or may not come. Delaying them is a decision in itself—a decision, as Garrison Keillor put it, to "let things slide." To use a favorite saying of the late Gus Donhowe, "that dog won't hunt."

In our contract with the State, we set out to improve quality—not based on some abstract hope that a higher quality University will be important to the health of our State, but based on the proven fact that the quality of the University has always been and will always be a major force in Minnesota's economy, quality of life, and quality of living.

With the help of State government, we accomplished genuine improvements in teaching, research, and outreach. And even when State government was not able to help, we took it upon ourselves, through restructuring and reallocation, not only to maintain the quality improvement momentum, but to make even tougher choices in order to strengthen that momentum.

Closing the Waseca campus was publicly the toughest choice, but all across the University, the choices forced by our original contract, by restructuring and reallocation, and by mandated budget cuts have taken a heavy toll that cannot be continued.

In principle, I have every confidence that our quality improvement efforts have bipartisan support in both the Executive and Legislative branches of state government:

- quality improvements in education, manifested—among other measures—in the higher retention and graduation rates that are, in fact, developing;
- quality improvements in research, manifested in the continuing confidence in our faculty members and departments that sponsoring organizations express by "voting with their dollars" in an increasingly competitive climate; and
- quality improvements in outreach, manifested in such measures as the numbers of clients served as well as the less measurable service improvements that a wide range of outreach programs have achieved by restructuring and quality management.

In practice, these quality improvements are being undermined—and will be undermined further—by the combined effects of:

1. tuition increases;
2. budget cuts, by either mandate or inflation;
3. salary freezes, by either mandate or the lack of appropriated funds; and
4. programmatic cuts that have to be made to compensate for #1, #2, and #3 rather than to carry out carefully planned reallocations to improve quality.

This is not some sort of rhetorical argument that I'm taking to the negotiation table. It's just a fact. We've been trying to be part of the solution by solving our own problems, but we've reached the point where we simply have to get tangible support to reaffirm the quality improvement contract or negotiate something else—and I frankly do not see "something else" that can be in the best interests of this State, however they may be measured.

• Twin Cities Higher Education Partnership •

I have appended for your information the joint statement by the Chancellors of the public higher education systems, the Executive Director of MHECB, and me, presented at the January 21 meeting of the Minnesota Higher Education Governing Boards. As the planning for this new partnership proceeds toward action steps, I will present further information and recommendations to the Board.

• St. Paul Visits •

On January 25, Regent Wynia and I had the pleasure of accompanying St. Paul School Superintendent Curman Gaines on a half-day tour of St. Paul Central High School and the Rondo Education Center. At Central, we learned about several programs, particularly the International Baccalaureate. At Rondo, we toured three magnet programs, the Benjamin E. Mays Fundamental Magnet School, the Capitol Hill Magnet School, and Museum Magnet School. There I met Kevin Williams, Curator of Exhibitions at the Bell Museum, who's been working with the St. Paul Schools and the Science Museum of Minnesota to establish the magnet school. It's an exciting new approach to using museums as much more active participants in teaching/learning activities, and I was gratified that he sent me a very thoughtful follow-up letter about University collaboration with the schools.

After the tours, Vice President Marvalene Hughes moderated a panel discussion on "The Schools and Higher Education: Issues and Prospects for the Future," with members of the St. Paul School Board, St. Paul Schools administrators, community leaders, and University representatives.

On February 8, I toured the St. Paul Technical College with Chancellor Carole Johnson and President Donald Schwichtenberg to discuss the kinds of collaborative, application-oriented degree programs that may emerge from the Twin Cities Higher Education Partnership. The high quality of the St. Paul Technical College, its facilities, and especially its faculty speaks well for the future prospects of our new partnership.

• USA Today Academic All-Americans •

It was not a great surprise, but certainly a source of pride, to learn that Ms. Karen Schlangen has been honored as one of 20 students named to the first team of Academic All-Americans by *USA Today*. Members of the Board of

Regents have already had the pleasure of working with Karen when she served as a Student Representative to the Board last year, and I know that you all share with me the pleasure of seeing yet another national recognition of her extraordinary talent.

I'm also proud to note that Ms. Erin Sutter from the Twin Cities campus and Mr. Love Goel from UMD received Honorable Mention. Few, if any, colleges and universities were so well represented.

• Bell Museum Webster Collection •

Another gratifying series of events has celebrated the gift of the "Webster Collection" of wildlife art to the Bell Museum of Natural History. The collection came from the American Museum of Wildlife Art in Winona and was developed from the private collection of Bill and Byron Webster, owners of the Wild Wings company in Red Wing. It is a collection valued at \$650,000, but more importantly, it is a representation of the work of wildlife artists who have made major contributions to the appreciation of natural history and the preservation of wildlife. It's a fine exhibit. Go see it!

• Personnel •

Taking advantage of a "natural" transition, I'd like to note the appointment this month of Dr. Alfred D. Sullivan as Dean of the College of Natural Resources, Professor of Forestry, and Associate Director of the Minnesota Agricultural Experiment Station. Prior to coming to Minnesota, Dean Sullivan was Director of the School of Forest Resources at The Pennsylvania State University, and before Penn State he taught at Virginia Polytechnic Institute and State University as well as Mississippi State University.

• Gender Equity in Intercollegiate Athletics •

A Progress Report February, 1993

In October 1992, the Board of Regents reviewed a plan for advancing gender equity in intercollegiate athletics on the Twin Cities campus. Among other things, the plan:

- 1) established a five-year goal of achieving a 60:40 male/female participation rate in the Gopher athletic programs;
- 2) recommended a strategy of increasing the number of female athletes by approximately 43, and of reducing the number of male athletes by approximately 63; and

- 3) outlined a series of planning assumptions and external factors that required continued consideration in implementing and financing the initiatives.

The Board asked that a progress report be provided after the NCAA had completed its January 1993, Convention. This summary responds to the Regents' request. Four general issues warrant mention.

I. NCAA Update

The first involves the NCAA's gender equity agenda. As was emphasized in October and reflected in the Regents' resolution, the University's strategy and timetable are unavoidably tied to national actions on such issues as squad size caps, scholarship limits, competition availability, coaching complements, cost containment measures, and similar competitive, financial, and equity factors. Last fall, it was expected that the 1993 NCAA Convention would address some of these matters and adopt reforms that would advance gender equity on a national as well as on a conference and institutional level.

Unfortunately, this did not prove to be the case. Instead, with two exceptions, the NCAA Executive Committee and Presidents' Council determined that gender equity and cost containment reforms should await the completion of two national task force studies and should serve as the central focus of the 1994 Convention. The Council and Executive Committee also requested the Big Ten to withdraw four equity and cost-related proposals that it had recommended for 1993 action. With considerable reluctance, the Conference agreed to do so because defeat of the proposals was virtually certain and would lessen the chances of future passage.

At this point, the Big Ten members are awaiting the reports of the NCAA Task Force on Gender Equity and the NCAA Committee on Financial Considerations. The studies are due in the spring, and among the charges assigned to the groups are:

1. examining the impact of current NCAA practices on gender equity;
2. developing a set of improvements and benchmarks for measuring gender equity progress;
3. reviewing the financial implications of gender equity;
4. proposing methods to fund equitable programs; and
5. developing a definition of gender equity.

(It should be noted that Chris Voelz serves on the Gender Equity Task Force and McKinley Boston on the Big Ten Cost Containment Committee.)

One of the most important reforms that the University and the Big Ten will seek to incorporate involves squad size limits on men's teams. As we discussed last October, to meet the 60:40 participation goal will require a reduction of 63 athletes in the Gopher men's program through either squad size caps or the elimination of some men's sports. While the latter option must be retained, it poses divisive consequences for morale, constituency support, and interdepartmental cooperation. Consequently, in terms of reducing the number of male athletes, the University will continue to pursue squad size reforms at the NCAA and Big Ten levels. Should such prove to be unsuccessful, then the University must decide whether to impose caps unilaterally or to drop certain men's sports. Both of the athletic directors and I believe that this decision should await completion of the 1994 NCAA Convention. At the same time, in the absence of national reform, we will implement a more specific timetable that I will outline later.

II. Expansion of the Women's Program

A second, and more important, component of the University's plan involves the expansion of participation opportunities for women. On this front, substantial progress has been made over the past four months. A women's varsity soccer program was approved in November and will begin competition in Fall, 1993. A national search for a new coach was also completed and resulted in the recent hiring of Ms. Susan Montagne. Likewise, the recruitment of players has begun and will eventually provide some 25 additional participation opportunities for female athletes. This would represent:

- 1) a 15 percent increase in the number of participants in the women's athletic program;
- 2) a 58 percent attainment (25 of 43) of the five-year goal of increasing opportunities for women; and
- 3) a change in the male/female participation rate from 69:31 to 66:34.

III. Gender Equity Funding

A third issue that has required continued attention is the funding of the University's gender equity plan. On this front, a recent budget recommendation from Governor Carlson provides grounds for optimism. While the Governor's overall biennial budget package poses serious problems for the University, it does recognize the state's responsibility to assist in supporting gender equity in intercollegiate athletics. It is our understanding that under the Governor's recommendation, between \$350,000 and \$400,000 a year would be provided by allowing the University to retain the state sales tax proceeds that are currently generated through the sale of tickets to Gopher athletic events. The tax revenues from tickets to men's football, basketball, hockey, and other revenue-producing sports would no longer revert to the state's general fund, but would be dedicated to advancing the gender equity initiatives of the

University. These funds would be in addition to the \$2.7 million that the women's program currently receives through its State Special appropriation.

The Governor's support is welcomed and, if our understanding is correct, warrants endorsement by the Board as well as by the Legislature. However, let me be clear: the proposal is not an acceptable substitute for either the Regents' biennial request or for adequate base funding of the larger University enterprise and its primary mission activities. True equity must provide opportunities not only for 500 Gopher athletes, but for 50,000 other University students.

Next Steps

Finally, let me summarize some of the next steps that will be taken in advancing our gender equity initiatives.

First, over the next year the University will continue to pursue its five-year gender equity goal and strategy. It will seek requisite reforms at both the NCAA and Big Ten Conference levels.

Second, should the 1994 NCAA Convention fail to adopt reforms that facilitate our timetable, the University will establish annual progression objectives for the men's and women's departments. While subject to change, these tentatively include:

	Female Participants	Male Participants
1993-94	+25	---
1994-95	+6	-21
1995-96	+6	-21
1996-97	+6	-21

Third, the University will submit to the Big Ten Conference in June 1993, its proposed gender equity strategy and timetable as outlined last October and here.

Fourth, subject to the Board's approval, the University will support the Governor's proposal to allow the University to retain sales tax proceeds on athletic tickets and to dedicate the revenues to gender equity initiatives.

Fifth, the athletic directors, administrators, and consultative groups will continue to monitor the implementation and funding of the gender equity initiatives. Progress updates will be provided to the Board as part of the annual reports of the athletic directors and at other times as requested or deemed necessary. A report will also be made following the 1994 NCAA Convention.

In summary, the University of Minnesota and the Big Ten Conference retain a national leadership role in advancing gender equity. Anyone who doubts that role need only examine the record or attend an NCAA Convention. While a number of significant challenges remain, progress has been made and will continue.

• Minnesota ALG Program •

For the information of others who receive copies of my monthly reports to the Board, my statement on actions taken with regard to the MALG Program is included as Appendix #2.

Appendix #1

Twin Cities Higher Education Partnership

A Commitment

The Chancellors of Minnesota's Community Colleges, Technical Colleges, and State Universities, the President of the University of Minnesota, and the Executive Director of the Minnesota Higher Education Coordinating Board (MHECB), have agreed to commit their organizations, especially the components located in the Twin Cities metropolitan area, to the development of an effective and efficient Higher Education Partnership in the Twin Cities area.

This commitment is the result of a long series of discussions among the public higher education systems, highlighted earlier by MHECB's 1989 reports on the *Minnesota Study of Postsecondary Access and Needs* ("MSPAN-I and MSPAN-II") and intensified during the past year, as the public systems respond to the 1995 merger of the Community College, Technical College, and State University systems under the new Higher Education Board, as mandated by the 1991 legislature. These discussions have concentrated on appropriate and effective collaborations to respond to the higher education needs of the Twin Cities metropolitan area. This commitment marks a transition from general discussions to the development of specific plans for action.

The Chancellors, the President, and the Executive Director, recognizing the limitations of expected resources to be available for higher education and, simultaneously, the growing need for access to appropriate educational programs throughout Minnesota, emphasize the importance of collaboration to make the most effective and efficient use of existing resources in higher education. The formation of the Twin Cities Higher Education Partnership is one result of these discussions. The goals of this Partnership are:

- to respond, in a collaborative manner, to the rapidly increasing higher educational needs of the Twin Cities metropolitan area, specifically for applied, directly employment-related programs at the baccalaureate and master's level;

- to collaboratively develop appropriate educational programs responsive to changing educational needs, and changing student populations; and
- to increase access to upper division and master's programs in the Twin Cities area.

Specific academic program plans will be developed and considered for implementation as soon as possible, some as early as Fall, 1993, subject to the appropriate academic, individual governing board, and Minnesota Higher Education Coordinating Board reviews. In particular, these include:

- augmenting the lower division capabilities of the metropolitan area's six Technical Colleges and six Community Colleges with upper division programs to be provided by the State University System and the University of Minnesota;
- well-articulated joint programs and transfer programs among the Community Colleges, the Technical Colleges, the State Universities, and the University of Minnesota;
- collaborative programs among the Technical Colleges, the Community Colleges, and the University of Minnesota in selected applied areas, including, specifically, Technical College and the University of Minnesota programs in the area of advanced manufacturing;
- baccalaureate-level, application-oriented programs among the Technical Colleges, the Community Colleges, and the University of Minnesota; and
- more traditional baccalaureate programs among the Community Colleges, the State Universities, and the University of Minnesota.

Other collaborative strategies of the Higher Education Partnership will include:

- exploration of the appropriate division of responsibility between the

University of Minnesota and Metropolitan State University in serving the urban mission;

- the use of telecommunications for the delivery of educational programs and the increased sharing of library and other academic support resources; and
- the sharing of facilities and resources for better service and cost-effectiveness.

The Chancellors, the President, and the Executive Director emphasize their commitment to the most appropriate utilization of limited resources by leveraging the faculty and resources of each system to meet the demonstrated educational needs of the metropolitan area. We also look forward to working with colleagues in the private institutions in furthering educational opportunity in the Twin Cities area.

This commitment initiates a period of intense planning by the four systems in order to introduce a limited number of approved collaborative programs over the next two years, starting in the Fall of 1993. Constant evaluation and modification of these initial programs is expected to lead to a rapid expansion—appropriate to demonstrated need—of the programs associated with the Higher Education Partnership. The results of this initial period of planning will be reported by March 15, 1993.

Appendix #2

**Statement of President Nils Hasselmo
Regarding the MALG Program
February 11, 1993**

I am announcing today five management actions regarding the Minnesota Anti-Lymphocyte Globulin program, popularly known as MALG.

The independent investigation that I asked the General Counsel to conduct has not yet been completed. But the very serious charges already made by the Government, and the documents that we have reviewed so far, confirm that there have been serious management problems in the MALG Program for a long period of time.

Because of the duration and severity of those problems, I am taking the following actions:

1. I am confirming that the University remains vigorously committed to making ALG available for transplant patients by fully complying with FDA regulations, obtaining FDA approval of the drug, and making ALG more marketable.
2. Effective immediately, the MALG Program will be removed from the Department of Surgery and will report directly to Robert Erickson, Senior Vice President for Finance and Operations, who has retained Dr. Pradip Banarjee to serve as interim director of the MALG Program. Dr. Banarjee has his Ph.D. in Pharmacy from the University of Wisconsin and twelve years of experience in management consulting.
3. Senior Vice President Robert Erickson is now in the process of appointing a senior advisory panel to assist him in developing a strategic business plan for the placement of the ALG Program into the hands of pharmaceutical experts. As I stated in November, this may well result in the creation of a separate business entity or the eventual sale of MALG assets.
4. After discussions with me, Dr. John Najarian has resigned, effective immediately, from his position as Chair of the Department of Surgery and, thus, from his supervisory responsibilities as principal investigator for the ALG Program. A search for a successor as Chair of this most distinguished department will begin immediately.

Dr. Najarian is a world-renowned scientist and surgeon, one of the best-known faculty members the University has ever had. We all value his contributions, and he continues to serve the University community as a most distinguished scientist, surgeon, teacher, and a leader in his field.

5. I am also announcing that a thorough review of the management structure and management practices of the Medical School will be conducted by an outside team, under my direction. This outside team will provide a comprehensive report to me, including recommendations on how the management accountability of our Medical School may be strengthened.

The actions that I have announced today will, I hope, make it dramatically clear that we are addressing this situation with vigor.

Accountability is Rule #1 for this administration, and will so remain.

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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
March 12, 1993**

Mr. Chairman, Ladies and Gentlemen of the Board, I had planned to begin my report with the announcement of the Truman Scholarship to Ms. Rachel Paulose, Chair of the Student Representatives to the Board. We had to revise that plan and announce the award earlier this morning, because Rachel has a class at 11:00. To keep things in perspective, it was better to change our schedule than to ask her to change hers.

• National Presidents Invitational Forum on Outreach •

A number of University representatives and I participated in a recent national forum that gave us some new perspectives on outreach. Regent Elton Kuderer, Vice President Gene Allen, Deans Pat Borich and Hal Miller, and our NELD Fellows Diane Flynn and Steve Laursen joined me. NELD is the National Extension Leadership Development Program, jointly funded by the W. K. Kellogg Foundation and the University of Wisconsin-Extension.

The forum was attended by 47 university presidents and chancellors, 35 vice presidents and provosts, 28 members of university governing boards, a large number of deans, directors, faculty members, and NELD Fellows, plus several community, business, and professional leaders, many of whom were speakers who gave us something of a "reality check" on how our customers perceive university outreach efforts.

I think it's fair to characterize some of the key messages to higher education in thi country as sobering, but constructive criticisms:

- that our intentions and commitment to outreach are not necessarily understood or regarded as entirely credible by off-campus constituencies;
- that our willingness and ability to adapt to changing needs, changing attitudes, and changing technologies has yet to be demonstrated;
- that our structures and strategies for delivering relevant outreach must be given priority attention; and, most important,
- that public higher education must pay better attention to its owners and customers, the public.

I can't capture all of the issues highlighted in the forum, but it is very clear that the third leg of the traditional land-grant mission—service, public service, and the now most commonly used "outreach"—is simply no longer the

exclusive territory of the land-grant colleges and universities—if, indeed, it ever was.

All kinds of colleges and universities are now paying serious attention to outreach as part of their mission. And, there is also an increasing recognition that it is not possible to compartmentalize many teaching, research, and outreach activities. Many land-grant institutions are engaged in new efforts to expand, restructure, and find financial support for their outreach efforts.

While I found some comfort in knowing that the University of Minnesota has already built substantial leadership momentum in these efforts—notably through our Outreach Council and the on-going planning in the Minnesota Extension Service and Continuing Education and Extension—I'd also note that we have many of the same problems that others are just beginning to face, and there is real urgency that we not only maintain, but increase, our momentum.

I was particularly encouraged by the extent to which outreach was discussed as a two-way engagement, not just the university reaching out to deliver something to the public, but an interaction with the public—customers telling us what they need and want, and universities working in partnership with the public to make sure we deliver something useful. That requires a strong research base to build upon, and the research base must be well informed by the outreach programs, communicating researchable topics that our publics need us to explore.

We probably don't need to coin more terms, but that partnership interaction with the public also involves a growing "inreach" process, where more and more people are reaching in to universities, their experts, and their data bases to seek the information they need. Much of this trend is made possible by telecommunications and computer technologies, both in the systems operated by the institutions and in the increasingly affordable equipment that is now so widely available in the home and workplace.

For years, this kind of accessibility was the subject of futurists; today, it's a dramatically growing reality, and we have a wide array of University of Minnesota resources that are delivering the knowledge that people reach in to learn. As the forum discussions emphasized, however, we are still scratching the surface of the revolutionary possibilities presented by the new technologies.

• Minnesota Project Outreach Corporation •

The Minnesota Project Outreach Corporation, now structured as a program of Minnesota Technology, Inc., is a superb example of the outreach/inreach process at work in Minnesota. I have copies of the 1992 Annual Report for you today, and I will append the executive summary and the letter of transmittal from Regent-emeritus John Yngve, who chairs MPOC, to my written report.

I won't try to summarize the project or the report; the document speaks for itself effectively. What I do want to emphasize, though, is that this project is a direct out-growth of the self-studies we undertook in the early 1980s—and it is a highly successful expression of the quality improvement planning that I talk about so often.

In the July, 1983 *Report of the Task Force on Higher Education and the Economy of the State*, we owned up to the criticism that the University was not active enough in making our knowledge resources available to Minnesota businesses. To be sure, we did have excellent outreach relationships with some Minnesota businesses. The still-developing record of businesses started by alumni and faculty of the Institute of Technology is at least indirect evidence that many entrepreneurs have been actively engaged with University people and programs. It's probably accurate to say, though, that the degree of engagement was more dependent on personal relationships that had been established than on any organized effort to engage the University in outreach efforts to small and developing businesses.

Restructuring the old Office of Research Administration into the Office of Research and Technology Transfer Administration was the key first step taken to promote more aggressive, more responsive technology outreach. Under the leadership of Associate Vice President Tony Potami, the University's cooperation and leadership in developing the Minnesota Project Outreach Corporation has made a real difference.

We talk often about "customers" these days. We should also listen:

- "With this program, Minnesota's small businesses can remain competitive in today's global economy."
- "I am proud to see my tax dollars being used for something that really does work to stimulate economic growth in Minnesota."
- "MPO is a fast and efficient source for up-to-date information necessary for us to compete in a global marketplace."
- "One of the reasons I chose to stay in Minnesota is due to the business assistance support we receive through such state-funded programs as Minnesota Project Outreach."
- "MPO is the single best program by which Minnesota small businesses can help themselves."
- "...I believe that over the years it will prove to be one of the best investments Minnesota could make for the future of small and medium-sized businesses in this State."

These are testimonials that are genuinely gratifying. What they say is that we have done exactly what we set out to do, and it's working.

• **Legislative Auditor's Report on "Higher Education Programs"** •

On February 26, the Legislative Auditor released an important report that is doubly related to the "Silent Crisis" speech I gave two-and-a-half years ago. It's a report on the issues of program cost and program duplication among higher education institutions and systems in Minnesota, directly related to the issues of access, quality, and numbers of campuses that I raised in 1990.

The Legislative Auditor's report relates to the "silent" aspect of the crisis—the problems of bringing these issues to public attention for informed discussion and debate. Important as the issues are, they are something less than attention grabbers—even for those of us most directly involved. We study carefully and discuss thoroughly any criticisms we receive from the Legislative Auditor; we pay less attention—or at least silent attention—when we receive reinforcing compliments. I want to change that.

Such attention that has been paid to this report has been focused on costs, duplication, and graduate placement rates, costs and enrollments in teacher education programs and new engineering programs, and the general process of academic program review.

These issues are highlighted in the news release from the Legislative Auditor's office and the Executive Summary, both of which we included in your docket materials this month, pages 9-26.

Elsewhere in the report however, readers will find evidence that:

- University of Minnesota undergraduate program costs, student:faculty ratios, and faculty workload compare well with comparable programs in the state and around the country;
- the University's broader mission is recognized by the Legislative Auditor; and
- the University's institutional planning and program review efforts—including the commitment to benchmark measures for four-year degree programs at UMC—have, indeed, been recognized and praised by outside auditors.

Because I believe that we should pay attention to the reinforcing and encouraging comments when they come our way, I am appending another excerpt from the Legislative Auditor's report, one that tells the good news about institutional planning and institutional change.

• Personnel: I. T. Dean •

I have it on the very good authority of Acting Dean Gordon Beavers that the Institute of Technology's role in business and economic development is even larger than we have realized. Each time he sees me, he reports a new number of businesses created by I.T. alumni and faculty, but each time he extracts my oath not to mention these until the announcement during I.T. Week this spring. I will honor that, but I can pay tribute to Dean Beavers today for his superb service to I.T. and the University as Acting Dean.

By the time Gordon finishes this assignment this summer, he will not only have identified considerably more businesses with I.T. connections, he will have strengthened those connections. It is that strengthening of working relationships that is most important to the long-term economic health of the state, and I have had the pleasure of participating in enough I.T./industry activities to see the building of mutual respect and commitment—of business people seeing more value in the University, of University people seeing more value in reaching out to practitioners.

On August 1, Dr. Francis A. Kulacki will take on the deanship of the Institute of Technology. Dr. Kulacki spent five years in I.T. as graduate student, teaching assistant, and research assistant, earning his doctorate in Mechanical Engineering—yet another contribution of Regents' Professor Dick Goldstein.

Dr. Kulacki rose through the professorial ranks at Ohio State, chaired the Department of Mechanical and Aerospace Engineering at Delaware, and has served for the past seven years as Dean of the College of Engineering at Colorado State University. At Colorado State, he built a record of leadership and program initiatives that promises an equally distinguished record here in the years ahead.

• Diversity Forum III •

There has been a change in plans for our third annual Diversity Forum on April 22, which was originally scheduled to be held at UMD and broadcast to the other campuses. After discussions involving the Chancellors and Associate Vice President Josie Johnson, we've agreed that it is more economical to hold the forum in the Cowles Auditorium in the Hubert H. Humphrey Center, again with television coverage for each campus.

During this past year, students, faculty, and staff have been involved in focus group discussions on issues related to diversity and ways in which the University can serve the needs of students better. Diversity Forum III will concentrate on the ideas emerging from those discussions.

That we have much to accomplish is reflected, sadly, by continuing acts of racial and ethnic intolerance in recent months, notably threats against students in the Geography Department and a series of threats and insulting messages and graffiti in the Bailey Residence Hall.

These acts of intolerance are absolutely unacceptable behavior in any community, especially our academic community. It is certainly discouraging to see that intolerant behavior persists, but we will not be turned back from our mission and commitment by mean, violent, thoughtless, fear-laden, and unscholarly behavior. We are continuing to investigate these incidents, we are working to support the victims, and we are continuing our educational efforts.

We are an institution that accepts the challenge to prepare students for the larger world in which they must function. We must help them see beyond their geographic, cultural, and language boundaries. The students in our residence halls, in our classrooms, and in our recreation sites must feel safe and supported as members of our community.

Appendices:

Excerpt from *Higher Education Programs* report, Office of the Legislative Auditor

Excerpt from *1992 Annual Report*, Minnesota Project Outreach Corp.

University of Minnesota

The University has reviewed its academic programs quite actively in recent years, prompted by tight budgets and the strategic planning effort originally known as "Commitment to Focus." In the mid-1980s, administrators and key faculty suggested that the University needed to strengthen those programs most critical to its mission and the state, while eliminating lower priority ones. To set priorities among programs, the University set forth the following criteria: (1) quality, (2) centrality of programs to the institutional mission, (3) unique characteristics that make the programs necessary at the University, (4) demand, and (5) efficiency and effectiveness.

In 1988, the University developed a five-year plan with enrollment and programmatic goals for each academic unit. The plan proposed reducing system-wide fall undergraduate enrollment from about 38,000 full-year-equivalent students to 31,600, and eliminating at least 10 percent of the Twin Cities campus' 204 baccalaureate degree programs.¹⁸ According to the plan: "There is an advantage to designing undergraduate programs to provide broad educational background, rather than narrow specialization, except where absolutely necessary."¹⁹

The University's academic planning has been closely tied to its budget process.

The University has met its enrollment and program reduction goals, although administrators told us that these actions were designed primarily to improve instructional effectiveness rather than reduce costs. The University's largest college (Liberal Arts) closed some small departments and brought others under shared administration, and the Colleges of Agriculture and Human Ecology each reduced the number of existing degree programs by at least one-fourth through consolidations.

The University's academic planning has been closely tied to its budget process. The 1988 strategic plan proposed internal reallocations of \$16 million over five years. In March 1991, the Board of Regents approved a proposal from the University administration to increase internal reallocations to \$60 million (about 10 percent of its state funding) by 1996. The 1991 proposal recommended eliminating academic units and programs that did not sufficiently meet the criteria discussed above, and consolidating degree programs and course offerings. It also recommended closing the Waseca campus due to: (1) high costs per student, (2) a low percentage of students completing degrees, and (3) duplication of programs with those available at nearby institutions.

The University of Minnesota's Graduate School has been facilitating reviews of departments at the Twin Cities and Duluth campuses for about 20 years. Departments are reviewed once every eight to nine years, on average. The reviews are supposed to include both undergraduate and graduate education, but some academic administrators we talked with believe that undergraduate programs did not receive sufficient attention until recently. The Graduate School has developed a lengthy set of questions that departments are to consider as they prepare self-study reports. After the self-study, the Graduate School brings in teams of external reviewers from peer institutions, as well as reviewers from within the University. The reports resulting from this process are circulated among University administrators, but the Graduate School has not made the full reports available to the public or the Board of Regents.

**Program
review is a
more difficult
and subjective
task for the
University of
Minnesota.**

In contrast to the Twin Cities and Duluth campuses, the University's Morris campus does not have cyclical program reviews, either by internal or external reviewers. The Crookston campus, as part of its proposals to change from a two-year to a baccalaureate institution, wants to establish "program improvement audit committees" in 1993. These committees would review programs and courses on a three-year cycle.

University administrative staff regularly collect and review data on departmental costs, enrollments, and student/teacher ratios. Unlike institutions in some other states, the University does not have formal thresholds on these measures that trigger more detailed reviews. However, the University exchanges these types of data with more than 30 peer institutions in the U.S., which helps University administrators compare program size and efficiency. As described in Chapter 3, the placement data collected by the University of Minnesota's academic units are inconsistent and, for the most part, not very helpful for administrative decision making. However, the University has just completed an extensive survey of alumni that included questions about satisfaction with instructional programs.

Overall, we think that program review is a more difficult and subjective task for the University of Minnesota than for any of the other three systems. The goals of the institution are broader, and the University's desire to offer nationally-reputable programs makes program quality an even more critical issue. Our report has looked at limited measures of program efficiency and effectiveness, and we have suggested programs in Chapter 3 that should receive further review. In general, however, we think that:

- **The University has taken important steps in recent years to look at its undergraduate programs strategically and set priorities.**

The University's central administration has linked programmatic and budget decisions much more closely than the state university system. We are particularly encouraged to see that the University has proposed benchmarks by which Crookston's proposed baccalaureate programs can be judged, and later in this chapter we recommend extending this practice to other University programs.

¹⁸ The plan noted that 82 programs had 15 or fewer majors, and 45 had 5 or fewer. In mid-1992, University officials identified 20 majors eliminated since 1987, roughly equal to its goal.

¹⁹ University of Minnesota, Twin Cities campus, *Commitment to Focus: Academic Priorities 1988-93* (Minneapolis, February 1988), 70.

Appendix 2 - Excerpts from 1992 Annual Report, Minnesota Project Outreach Corporation

January 15, 1993

A Letter to the Governor and the Minnesota Legislature:

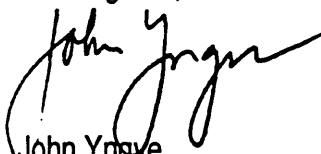
About three years ago, members of the legislature enacted a bill that set in motion the development of Minnesota Project Outreach. Today, Project Outreach is part of a community of economic development organizations that work together to help companies create jobs and become more competitive. It is part of the state's strategy to strengthen its economy and preserve and increase jobs in Minnesota.

Since the summer of 1990, the Minnesota Project Outreach Corporation, members of its board, representatives of the sponsoring organizations and the Teltech team have worked hard and thoughtfully to build an impacting, valued resource of which we could all be proud. Not unexpectedly, the diligence of this pursuit has left little time to reflect on the magnitude of our accomplishment. But the facts speak eloquently.

In the brief period of two years, Minnesota Project Outreach has become a nationally recognized success story. It is the model for small business assistance programs that have been developed in a dozen other states. Project Outreach has been characterized as a "breakthrough in technology transfer" by the U.S. House of Representatives Committee on Small Business. In their book "Putting People First", President-elect Clinton and Vice President-elect Gore call for the creation of a national technical extension service modeled after Minnesota's "proven" and "effective" Project Outreach program.

On behalf of the Minnesota Project Outreach Corporation, I'm very proud to submit this third Annual Report to the Minnesota Legislature. My hope is that this report will affirm you in your support of this landmark initiative.

Best regards,



John Yngve
Chairman

Program Overview

Minnesota Project Outreach is a comprehensive information service created to aid the success of our state's entrepreneurs and small businesses. The power of the resource lies in its ability to provide rapid, authoritative answers to technical and business questions.

Project Outreach users can:

- Consult directly with thousands of the nation's leading scientists and technical experts, including hundreds from the University of Minnesota.
- Electronically search the libraries of the world for needed technical and business information in print.
- Find qualified suppliers of products and services.
- Track "mission critical" topics and issues.
- Pursue technology licensing and joint research opportunities available from the University of Minnesota.
- Receive business assistance in areas ranging from finance, to planning, to start-up operations, and more.

*"This type of service, for
a company like ours, can
mean the difference
between success and
failure... this program
makes a crucial
difference to small
businesses in
Minnesota."*

BioTrol

Project Outreach is available to provide service to all Minnesota-based companies with annual sales of less than \$10 million. Project Outreach delivers service through two distribution channels. First, established manufacturers can subscribe to the Charter Company program. Today, 364 Charter Companies access the service from their location and receive in-house training and workshops for their employees.

Second, entrepreneurs, consultants and service firms can access Project Outreach through a network of 73 Public Access Sites. Most major state-sponsored economic development organizations are represented in the Site network, which include Minnesota Technology, regional offices, University of Minnesota Extension Offices, and Minnesota Small Business Development Centers.

Project Outreach operates under the umbrella of Minnesota Technology, and received initial funding from Minnesota Technology, the University of Minnesota, and the Minnesota Department of Trade and Economic Development.

Executive Summary

This report outlines Minnesota Project Outreach activities and results for the period January 1, 1992 through December 31, 1992.

Project Outreach responded to more than 9,000 inquiries for technical and business information in 1992, an 84% increase over the previous year. Fifty-five percent of the service inquiries were generated by the Charter Companies, and 45% were generated through the Public Access Sites.

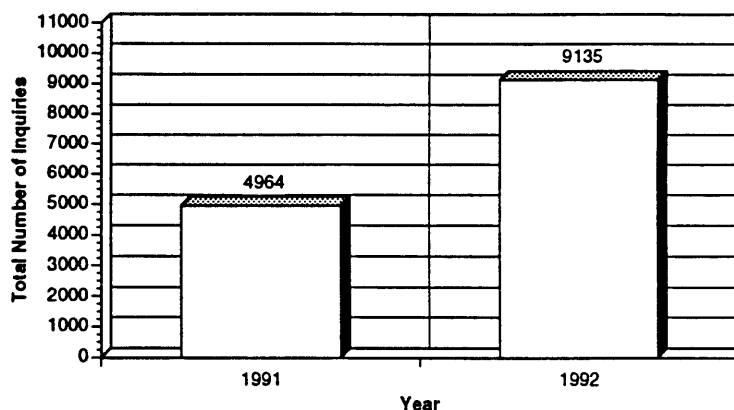
In 1992, forty-nine percent (49%) of Project Outreach usage was by companies outside the metro area. The value of essential information as the underpinning of entrepreneurial success isn't restricted by geography, and Project Outreach is meeting the needs of small companies across the state.

In 1992, each Charter Company used the service an average of 9 times, compared to 5 times in 1991. By leading on-site project workshops, Minnesota Project Outreach Field Representatives were successfully able to show subscribers how to use and apply Minnesota Project Outreach resources to their technical and business issues. When it came time to renew their subscription for a second year, nearly 90% of the Charter Companies renewed. See Appendix: page A-1 for a profile of the current Charter Companies.

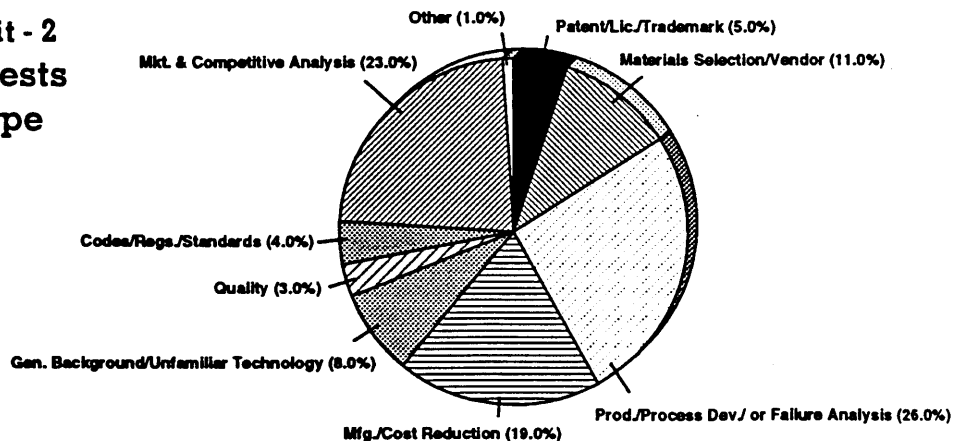
"The information MPO has provided has assisted us in expanding our customer base and market position. Over the last two years, sales have increased 19.9%, and employment increased 33%.

Palmer Industries, Inc.

**Exhibit - 1
Total Number
Of Inquiries**



**Exhibit - 2
Requests
By Type**



Transition To A Knowledge Scholarship Program

In 1992, Project Outreach made a strategic decision to shift more of the costs of the service to the companies that use it. The intent was to get the users to take ownership of the program, and to leverage State funding so that Project Outreach can continue to grow.

An important goal of Project Outreach is to educate companies about the importance of knowledge as a competitive factor in the global marketplace, but the education process takes time. Consequently, Project Outreach established a four-year "scholarship" to help companies pay their annual access fee. The scholarship is based on a sliding scale, providing a lower subsidy for larger companies, and decreasing each year a company participates in the program. Over time, it is expected that Project Outreach clients will be better educated consumers of knowledge which, hopefully, will result in more successful companies.

In addition, participants now bear a portion of the costs every time they use the service. Growth in the service activity levels, despite the new costs to users, bears testimony to the high value that clients assign to Project Outreach services.

"As a small business owner, I cannot stress enough the valuable contributions MPO's service has made to our operations. MPO is a fast and efficient source for up-to-date information necessary for us to compete in a global marketplace."

**Applied Membrane
Technology, Inc.**

Bringing Minnesota Businesses Together

In 1992, representatives of Project Outreach client companies began to form regional User Groups to share their experiences with the service, and to learn from each other. It quickly became clear that the pursuit of knowledge is a powerful common thread that runs among manufacturing companies throughout Minnesota. Some new business possibilities have already surfaced. User Groups meet quarterly and are seeking participation from additional companies in the program.

This new effort provides for a unique client-driven experience which enhances the value of Project Outreach.

Project Outreach Impact Reverberates Nationwide

- President-elect Bill Clinton's and Vice President-elect Al Gore's book, *Putting People First*, calls for the creation of a national technical extension service modeled after Minnesota's "proven" and "effective" Project Outreach program.
- A recently-launched program designed to disseminate environmental information and knowledge to third world countries is patterned after Minnesota Project Outreach.
- Minnesota Project Outreach's early success has recently helped to spawn two important pieces of federal legislation, one calling for development of a nationwide technical assistance network for Small Business Innovation and Research (SBIR) grantee companies, and another designed to facilitate the

transition of small businesses from defense-related to commercial enterprise (Small Business Assistance and Conversion Program).

- Related federal legislation (S•B•TAP) patterned on Project Outreach, has allowed six states to establish public access networks to serve their states' small businesses.
- Separately, more than a dozen technical outreach programs have been established nationally, based on the Project Outreach model.

Program Evaluation

In February 1992, the U.S. House of Representatives, Committee on Small Business conducted a telephone survey to analyze the impact of Project Outreach. A random sample was taken from 100 companies that had participated in the program for one year. The survey produced these findings:

"It has saved us hours of research time and put us in touch with experts that we would never have found on our own."

CMC Assemblers

Exhibit - 3 Results Of 1992 U.S. House Of Representa- tives Study	Quality of Minnesota Project Outreach Services	90% "Excellent 10% "Good" 0% "Fair"
	Value of Minnesota Project Outreach Services	97% "Valuable" 3% "Little Value"
	Effect of One Year's Service On Current And Future Profits: \$ 55,000 Median Increase Per Company \$770,000 Mean Increase Per Company	

Even when using the more conservative median figure of \$55,000, it is estimated that Minnesota Project Outreach has a \$20 million annual impact on the profits of the companies participating in the Charter program. This amount does not include financial impacts related to the statewide public access network. And since all state funding goes directly to providing service for Minnesota companies, the State of Minnesota should realize a return of between \$30 - 40 million. This data is consistent with the findings of other authoritative studies on the value of technology transfer, which routinely identify a high return on investment for such activity.

The Committee concluded that if a national program modeled on Minnesota Project Outreach were implemented, the program could add \$180 Billion in new wealth to the U.S. economy from one year of service, and "would be of historic importance."

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
April 16, 1993**

Mr. Chairman, Ladies and Gentlemen of the Board, I would like to begin with a progress report—a substantial progress report—on the review of the management structure and practices of the Medical School.

• Medical School Management Review •

To summarize the status report presented to the Board yesterday, the Management Review of the Medical School is now entering its fourth week and is scheduled to be completed in June. This review is being directed by an Executive Committee headed by Ettore Infante, Senior Vice President for Academic Affairs and Provost.

An internal committee of twelve Medical School faculty members and an external panel of local and national health care and academic medical center professionals will provide advice to the Executive Committee.

Our consultants for this review, Deloitte & Touche, have completed initial interviews with a broad range of people to identify key issues that will be addressed by this study. These key issues can be categorized into nine subject areas:

- Basic management (planning, financial, human resources)
- Management of academic direction
- Management of clinical practice
- Research oversight practices
- Management of technology transfer
- Management of the process to establish organization direction
- Management of fund raising
- Management of hospital and corporate relationships
- Organizational structures, governance, roles and leadership requirements

Deloitte & Touche is conducting additional interviews, evaluating each of these areas. They will also be visiting other medical schools to identify "best practices." These schools include:

- University of Texas - Southwestern Medical Center, Dallas
- Washington University, St. Louis
- University of Washington, Seattle
- University of California - San Francisco
- University of North Carolina, Chapel Hill
- University of Wisconsin, Madison

We are determined to complete the strong reform agenda that has been formulated over the past year to ensure that the Medical School can continue its teaching, research, and clinical activities in a manner worthy of its great tradition.

•Institutional Strategic Planning: Undergraduate Initiative •

Ever since we began the process, improving instruction has been a major issue in our institutional planning. Yesterday, the Board received the third annual report on the *Undergraduate Initiative*, which noted that activities have concentrated on preparation requirements, enrollment management, recruiting, admissions, advising, and the development of the liberal education curriculum. I've frequently characterized much of this early effort as solving some of our longest duration problems and reducing the obstacles to high quality instruction, many of those problems and obstacles the legacy of overextension and underfunding. Even with the serious problems of recent budget cutbacks, we have, in fact, made substantial progress—and protected most of that progress.

We can now shift toward greater concentration on "what we teach" and "how we teach," the development of what we want to see as *The Learning Community of Tomorrow: How the University of Minnesota Will Serve Its Students*.

Background

Learning is the heart of the University. Students learn in a variety of ways, in settings that may be structured or informal. They learn in groups and on their own; they rely on faculty, peers, and a wide variety of resources to guide their learning. At the University of Minnesota, we want to assure that we provide a range of options that will help students to learn: the learning opportunities that are best suited to the subject matter, the stage of learning, and the student's needs.

Through our *Undergraduate Initiative*, which is now in its fourth year, we have addressed many issues that directly affect learning. We have focused on improving our largest classes, adding additional sections of high-demand courses, training teachers, supporting academic advising, and upgrading classroom and study space.

On the Twin Cities campus, we have also begun the implementation of the recommendations of the Task Force on Liberal Education. This major reform of general education promises to have a substantive effect not only on **what we teach** but also on **how we teach**. The Council on Liberal Education has indicated its strong support for small group or individual learning opportunities for students in large classes; likewise, it has asked for courses that emphasize the process of discovering and organizing knowledge.

All of our campuses are already reassessing curriculum and teaching in some way. Morris is now several years into its innovative curriculum reform, Project ProsPer, and is currently evaluating its experiences. Discussions of the curriculum have also been proceeding at Duluth. Crookston will become a four-year institution with an applied technical curriculum this fall. And many college efforts, such as the College of Agriculture's Project Sunrise and the College of Liberal Arts review of core curricula, have also focused attention on curriculum and teaching issues. These discussions of curriculum are integrally related to the question of how we teach.

As we have worked to improve these areas of undergraduate education, it has become apparent that many individual faculty members are engaged in their own efforts to improve undergraduate education. Throughout all of our campuses, there is widespread faculty activity to enhance the effectiveness of teaching and learning.

Purpose

There are some clear focal points in our faculty's efforts to improve teaching and learning. Our most innovative and effective teachers are using some or all of the following strategies:

—Using **technology** to individualize and personalize learning. Technology increases **access** to learning resources, and may free faculty for more meaningful interaction with students. When properly used, technology enhances the connections among faculty and students.

—Using the latest **research** on learning. Research on how students learn most effectively is being brought into the college classroom, and is also being integrated into our work with our graduate teaching assistants, our future faculty members.

—Making learning **active**, so that facts and information can flourish into knowledge, know-how, wisdom, and character for our students.

—Involving students in research and public service. Our *Undergraduate Research Opportunities Program* is a national model. We are also trying to strengthen the service learning and internship opportunities within and outside the University. As a major research university in urban and rural environments, there are many special opportunities we can offer our students.

We intend to build on these strengths in a renewed focus on undergraduate teaching and learning at the University of Minnesota.

Process

We will begin two major efforts that will focus on "the learning community of tomorrow" at the University of Minnesota.

First, I am announcing a **President's Forum on Teaching and Learning** on the Twin Cities campus. Meetings of the Forum will highlight examples of excellence from across the campus and will provide a venue for an active exchange of ideas about innovative practice in teaching. I will host these events, and I will invite Twin Cities faculty as well as faculty leaders from throughout the University to attend and participate. I am also asking the Chancellors of the Duluth, Morris, and Crookston campuses to develop Chancellor's Forums or similar approaches that will provide visibility for issues related to teaching and learning on their campuses.

Second, I am appointing a **Committee on Teaching and Learning** on the Twin Cities campus, and am asking the Chancellors at Morris, Crookston, and Duluth to appoint parallel committees in consultation with appropriate faculty governance groups, or to assign this responsibility to existing committees where appropriate. These committees that will be charged with making recommendations about what we need to do in five key areas:

- communicating the importance and value of teaching in this institution, and encouraging and facilitating quality and enhanced effectiveness in teaching;
- reviewing the reward system to ensure proper recognition of quality and effectiveness in teaching and advising;
- exploring various teaching strategies, including new uses of technology, and disseminating information on approaches that serve different types of students;
- fostering interaction among students and faculty, both within and outside the classroom;
- developing new approaches to assist faculty and departments to focus on creative approaches to teaching in the setting of a major research University.

The Twin Cities Committee on Teaching and Learning will be co-chaired by Anne H. Hopkins, Vice President for Arts, Sciences, and Engineering, and Professor James Tracy, chair of the Senate Committee on Educational Policy. Members will be jointly appointed by the President and the Chair of the Faculty Consultative Committee. I am asking the committee to submit a preliminary report to the Faculty Consultative Committee and to me by November 1, 1993.

With the assistance of assigned staff, the Twin Cities committee will review selected aspects of teaching and learning, with special emphasis on effectiveness, and make recommendations concerning pedagogy, outcomes, reward system, mechanisms for enhancing effectiveness and diffusing these new ideas, or any other subject that the committee considers important to high

quality teaching and learning. Other campus committees will probably focus on similar issues as appropriate for their campuses.

Coordination among the four campus-based Committees on Teaching and Learning will be provided by Anne H. Hopkins, Vice President for Arts, Sciences, and Engineering, in consultation with the academic vice-chancellors. This effort will ensure that excellent ideas are shared among the campuses, and that effective teaching is celebrated wherever it occurs.

• University of Minnesota Solar Vehicle Project •

"Active learning" will be on display around the plaza north of Morrill Hall this afternoon, this time in the form of *Aurora*, a solar-powered car designed and built by University students for *Sunrayce 93*, a solar car race from Texas to Minnesota in June.

• I. T. Week •

On the morning of May 4, we will see another active learning demonstration—very active—since thousands of fourth grade through nine grade students will be "Building a New World," a 1:1,000,000 scale model of Earth on Northrop Plaza as part of I. T. Week, 1993.

This extraordinary project is primarily the brainchild of Bryan Beaulieu, a 1972 graduate in Mechanical Engineering and founder of Skyline Displays, whom many of you met in 1991, when Acting Dean Gordon Beavers unveiled Bryan's display of the chart showing companies founded by I. T. alumni.

This year's project is on a far grander scale, a 41.8-foot diameter geodesic sphere of 1,620 triangular plastic panels, each representing a section of the Earth's surface. The panels are being painted by some 10,000 students from 170 Minnesota schools, with as many as possible coming to campus to assemble the structure, assisted by teachers and I. T. alumni and undergraduate students.

The objectives of this unique and fascinating project are to interest elementary and junior high students in mathematics, earth science, and engineering, and to give them the chance to experience the joy of building something significant by using engineering skills and cooperation.

• Building Dedications •

We will have two of our own opportunities within the next two weeks to celebrate the "joy of building something significant."

At 4:00 on Wednesday, April 21, we will hold the dedication ceremony for the **Ecology Building** on the St. Paul campus.

Then at 7:30 Saturday evening, May 1, we will have the ribbon-cutting festivities for the **Mann Concert Hall** on the West Bank, followed by the inaugural concert at 8:00.

• **Awards and Recognitions** •

As announced just this morning, April 21 will feature another celebration, the presentation of the **1993 Susan B. Anthony Award** to **Regent Mary Page** by the Minnesota Center for Women in Government, Hamline University.

This award, which was also won by Kathleen O'Brien in 1989, recognizes Minnesota women who are pioneers in government, who demonstrate what women can accomplish, and who support other women in public life. Congratulations!

I'd also like to call your attention to this morning's Minnesota Daily, where it is reported that University gymnast **John Roethlisberger** has earned the **1993 Nissen Award**. That award, presented last night by the National Association of College Gymnastics Coaches, is regarded as the highest award in collegiate gymnastics, recognizing scholarship and sportsmanship as well as gymnastics excellence. I want to express my congratulations to John, but also to the entire Roethlisberger family, whose coaching and family support has produced not just one, but two outstanding student-athletes.

I don't have formal recognitions to present this morning—we'll have opportunities for that later—but I do want to express our gratitude and highest esteem for **Regent Elton Kuderer** and **Regent David Roe** as we begin their last official meeting of the Board.

Rumor has it that we might be able to persuade both Elton and David to make some valedictory remarks. I certainly hope that is true, because their wise counsel has been so important to this Board, to this University, and especially to me.

President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
May 14, 1993

Mr. Chairman, Ladies and Gentlemen of the Board, earlier this morning co-chairs Anne Petersen and Winston Wallin presented to you the report of our Task Force on Public-Private Partnerships. Their first recommendation is that we

"communicate to the community inside and outside the University the value of responsibly-managed public-private partnerships and entrepreneurial activity, and the University's support for compliance with the policies governing them."

We've been trying very hard to do just that, and this is a recommendation that I support so enthusiastically that I want to get off to an immediate start at trying even harder.

I. T. Week 1993 is now history—and what a chapter they've written this time! It has been another chapter about public-private partnerships, though that point may not be particularly obvious or well understood.

There is a tendency to think of public-private partnerships as a special class of activities such as a private company being licensed to produce and sell a product based on a University faculty member's invention. That is far short of what public-private partnerships are all about.

The land-grant university has been a public-private partnership from its beginnings, a partnership of public universities and private businesses—also called farms, factories, professional offices, and the like. Those partnerships have always gone far beyond applying university knowledge to business opportunities; they cut across the whole span of teaching, research, and outreach.

The whole idea of the "Building a Better World" project was a public-private partnership, the brainchild of Bryan Beaulieu, a 1972 Mechanical Engineering graduate and business founder. In partnership with I. T. Dean Gordon Beavers and his staff, Bryan convinced businesses and other alumni to contribute the money, materials, and services to build this "better world" on Northrop Plaza. They recruited something like 400 I. T. alumni and students to serve as mentors, hosts, and assistants to more than 10,000 school children

For several weeks, Dean Beavers has been dropping tantalizing hints to me about new information about companies founded by I. T. alumni and faculty. But each time he made me promise not to release the numbers until I.T. Week.

To remind you of the earlier numbers on I. T.'s contributions to starting private businesses, I. T. reported in 1991 that they'd found more than 400 such companies, acknowledging that there might well be more—that they'd keep looking. In 1992, they reported finding another 150 or so, again promising further searching.

Today the count stands at 1,027! And still counting.

The 1,027 companies founded by I. T. alumni and faculty represent economic development accomplishments that go well beyond the usual stories of economic impact stemming from research and development. Those R&D stories are certainly part of the larger "I. T. companies" story, but I must stress that this is very much a story of the economic impact of undergraduate and graduate education.

- **World-wide, these 1,027 companies represent more than \$18.5 billion in annual sales.**
- **They employ more than 153,000 people**—how much more, we don't know, since some companies do not release that kind of information.
- **Of these companies, 623 are located in Minnesota.**
- **Their \$12 billion in annual sales are dollars circulating here in the Minnesota economy.**
- **They employ 95,800 people, many of them our graduates, in Minnesota jobs.**
- **The bottom line? Our classrooms are engines of economic development.**

By any measure, this is an enormous economic impact on this state. And, as I have said before when I reported earlier figures, this is the economic impact of just one college of the University, a college that enrolls less than 10% of our students.

Communicating the University's economic impact on the state has been a priority for years. It's both easy to do and impossible to do. It's never been possible to tell that entire story—and it never will be possible. Economic impact stems from the routine activities of far too many programs and people; we cannot capture all of it. And if we could capture all of the information to tell the whole story, we couldn't find anyone who would be willing to listen to all of it.

It has to be a story that we tell in smaller installments. We have to tell it in many ways, to many audiences. We already do that, but as we have learned from agriculture—or certainly should have—economic impact is not a story that we, alone, should try to tell. Economic impact is often far more understandable and credible when it is described by those we serve—our students, graduates, and constituents.

• "Products of an Unheralded Industry" •

The Minnesota High Technology Council has developed into a constituency organization that cares about telling this story and giving the University credit for producing long-term economic impact on the state's economy. The Council took an important step toward telling this story with its 1991 publication, *An Unheralded Industry*, grouping nine of our colleges as if they were a private business and showing the immediate economic impact of their activities.

This week, with incredibly good timing, the Council has released its follow-up publication, *Products of An Unheralded Industry*. Just when we're challenged by our task force to communicate more effectively our public-private partnerships, one of our most productive partnership organizations has given us a virtual treasure trove of information and anecdotes to help us tell our story.

As Regents who put a great deal of effort into this communication effort, I know that you will find this booklet an extremely helpful reference work. There is enough speech and conversation material here to keep us all busy for quite some time.

By itself, as one publication, *Products of An Unheralded Industry* will not tell our story, once and for all, to everyone we'd like to hear it. No publication can do that. As I told the Minnesota High Technology Council just two weeks ago, there has to be something "beyond heraldry." The accomplishments and impact—short-term and long-term—that the MHTC has heralded so helpfully in its two publications must now become part of a longer, continuing discussion—on the chicken-over-rice circuit, over coffee, even over the back fence. What this new publication gives to us, as University spokespersons, and to legislators and high tech industry people who support us, is a wealth of solid information to talk about.

The other imperatives "beyond heraldry" that I talked about to the MHTC are that we have to keep doing—and teaching—good science and technology, and we have to stop doing things that hurt public perception and distract from the good work. That brings me back to the report of the Task Force on Public—Private Partnerships and the critically important agenda that the Task Force has so helpfully sketched out for us. We are all deeply indebted to them for remarkably good work over a very short time.

• The Partnership Agenda •

It is essential to understand that Minnesota culture has its long-standing suspicions of partnerships between the public sector and the private sector—even greater suspicions when they're between a large public university and large private businesses. In spite of more than a century of partnerships with those private businesses called farms, many people see that cooperation as entirely different from dealings with businesses that make money. That

perception—that suspicion—is at the heart of some of the more dramatic "distractions" from seeing the good work being done at the University.

It would be an absolute disaster for the Minnesota economy if public-private partnerships were the things we "stopped doing" because of those distractions. In a nutshell, that's why I appointed the Task Force—to find ways to strengthen the partnerships, to communicate their value to the people of Minnesota, and to ensure the integrity and accountability—in perception and in reality—of the full range of our public-private partnerships, certainly not to stop the possible "distractions" by getting out of the business.

Clearly one of the things we have to stop doing is assuming that good work and good intentions will be enough to overcome suspicions. They will not. People also expect—rightfully—good policies, good compliance, good management oversight, and strict enforcement.

All of these expectations are now grounded in the principles that the Task Force recommended and that the Board of Regents approved this morning:

- *The University should strive to create and transfer knowledge and technology to industry and the public, on a timely basis.*
- *To achieve effective knowledge generation and transfer, the University should encourage partnerships with private as well as public entities.*
- *Regardless of the source of funding, all public-private agreements and activities of the University and its recognized foundations must follow guidelines for appropriate disclosure and oversight.*
- *When fee-for-service or technology development activities take place at the University, the responsibility for monitoring such activity rests first and foremost with the appropriate unit head, who should ensure that all required reporting takes place within the University system.*
- *The University should protect academic discoveries with patents, copyrights, and trademarks to fully realize their value and to make them available to industry and the public.*

Again, though, principles are not enough. Principles undergird the agenda, and the agenda that the Task Force has put before us is to take the actions that will carry out the principles day after day. Vice President for Research Anne Petersen already has the Committee on Academic Integrity, appointed last November, at work to review existing policies as they relate to these principles.

In accordance with your resolution this morning, the University administration will implement, in consultation with the University governance system, the recommendations of the Task Force:

- Communicating the value of public-private partnerships and compliance with the policies governing them;
- Developing and adopting a University-wide "Statement of Integrity" that will be proposed as a condition of employment of all faculty and appropriate staff;
- Reviewing and revising existing policies related to public-private partnerships; and
- Establishing a Committee on Public-Private Partnerships to advise us on complex ethical issues that cannot be resolved under existing policies.

The Task Force, itself, has already served as a highly productive public-private partnership. From last November's excellent conference to this spring's Task Force report—and all of the lively Task Force discussions and debates in between, we know that public and private representatives can tackle these complex issues. I will establish a broadly representative committee that continues that kind of on-campus/off-campus partnership.

Members of the Task Force on Public-Private Partnerships

Winston Wallin (Co-Chair)
Chairman of the Board
Medtronic, Inc.

Anne Petersen, Ph.D. (Co-Chair)
Vice President for Research and
Dean of the Graduate School

Maureen Aakre
Southwest Minnesota
Initiative Fund

D. Fennell Evans, Ph.D.
Professor and Director, Center for
Interfacial Engineering

Lyle French, M. D.
Professor Emeritus
Department of Neurosurgery

Leo Furcht, Ph.D.
Professor and Head, Dept. of
Laboratory Medicine and Pathology

Fred Green
President and CEO, Ault, Inc.
Chair, Mn. High Technology Council

Jim Gustafson
Commissioner, Iron Range Resources
and Rehabilitation Board

Susan Harlander, PH.D.
Director, Dairy Foods Research
Land O' Lakes, Inc.

Tom Holloran, Ph.D.
Professor, Graduate School of
Management, Univ. of St. Thomas

David Johnson
President, Agrigrowth Council
CENEX/Land O' Lakes Agronomy Co.

The Honorable Cal Larson
Minnesota State Senate

The Honorable Ann H. Rest
Minnesota House of Representatives

Karen Seashore Louis, Ph.D.
Professor and Chair, Educational
Policy and Administration

Tom Triplett
Executive Director
Minnesota Business Partnership

Robert M. Unterberger
ABS Director and General Manager
IBM
(Alternate-Alfred Cutaia, IBM Fellow)

Affiliate Member:
Donald Sudor, President, Rochester
Chamber of Commerce
Representative from University of
Minnesota Hospital Board

Staff:

A. R. Potami
Associate Vice President
Research and Technology Transfer

Michael P. Moore
Director, Research Communication
and Technology Marketing, ORTTA

• Supercomputing Task Force •

In an obviously and closely related development, our unique public-private partnership in supercomputing has been undergoing intense scrutiny over the last several months.

It certainly has been a subject of controversy—and distractions from good work—but there is also strong consensus that the University of Minnesota's supercomputing activities have been enormously productive, easily more productive and more important to the University and the state than could have been predicted in 1982. Unfortunately, it's not just the power of the supercomputers that has grown far beyond 1982 predictions; so has the complexity of keeping up with the technology, carrying out the several varieties of public-private partnership, and developing the public and private accountability mechanisms.

The relationship of the University of Minnesota and the University of Minnesota Foundation as owners of the Minnesota Supercomputer Center, Inc. (MSCI), a for-profit company, has been a central issue. As one alternative, an informal proposal was developed for the sale of the University's equity in MSCI to the University of Minnesota Foundation.

In February, I appointed a central administration staff group to review all the ownership and contractual options. In March, along with Senate Consultative Committee Chair Mario Bognanno, I appointed the Task Force on Supercomputing to study the informal proposal from MSCI:

Thomas E. Burk, Associate Professor, Forest Resources (Co-Chair)
Irwin Rubenstein, Professor, Plant Biology (Co-Chair)
Thomas W. Jones, Professor, Astronomy
V. Rama Murthy, Professor, Geology and Geophysics

Anton R. Potami, Associate Vice President, Research and Technology
Transfer Administration
David J. Weiss, Professor, Psychology
Donald R. Riley, Acting Associate Provost, Computing and Information
Services (*Ex Officio*)
Michael O'Conner, Acting Assistant Vice President, Finance and
Operations (*Ex Officio*)
Gary Engstrand, Executive Assistant, University Senate (Staff)

The Task Force reported back to me last week, and I have met with them to discuss their recommendation that the Center not be sold to the Foundation and several recommendations concerning ways in which the Center's relationship with the University can be strengthened, especially the relationship between the Center and the University's Supercomputer Institute, which represents the faculty users of the Center's services.

In my discussion with the Task Force and throughout their report, one message has been stressed repeatedly: "The University of Minnesota is a world leader in supercomputing." We must not forget that, and we have much to gain by continuing that leadership role.

As the report summarized it,

The supercomputer facilities of the Center are among the best in the world. The presence of the Center and its excellent technical support staff at the University has been instrumental in recruiting top faculty talent, attracting and training graduate students and educating undergraduates, and enabling successful competition for a significant amount of non-state funds.

I will meet with the MSCI Board of Directors next week to discuss all of these recommendations, and I will then report back to you on the status or outcomes of those discussions.

• Capital Budget and Six-Year Capital Improvement Program •

On a subject that is even more complex—and sometimes more controversial—than public-private partnerships and supercomputing rolled together, I must observe that we have made University history this month with the presentation of the FY 1994 Capital Budget, the Six-Year Capital Improvements Program, and the 1994 Capital Request.

For the first time in our history, we have a fully integrated capital plan on the table, joining the fully integrated operating budget accomplished a few years ago:

- fully integrated in terms of short-range and long-range plans;

- fully integrated in terms of the Campus Master Planning effort;
- fully integrated in terms of all sources of funds for capital maintenance and improvements;
- fully integrated in terms of existing funds and funds that must be sought elsewhere;
- fully integrated in terms of academic plans and academic program impacts; and
- fully integrated with the Capital Budget Reform process of the State of Minnesota.

I will have to acknowledge that this will probably not loom large in public history, but anyone who has been involved in preparing, reviewing, and making decisions about the University's capital maintenance and improvements will appreciate the significance of this integrated package.

This has been the work of many talented people, but I must single out Senior Vice Presidents Bob Erickson and Jim Infante and Associate Vice Presidents Clint Hewitt, Bob Kvavik, and Sue Markham for engineering an incredibly complex program that is a fundamental reform in University management.

• Awards and Recognitions •

Our people define our quality, and when they are honored, it is always a great pleasure—and an important part of the quality improvement process—to take note of major awards and recognitions bestowed upon our faculty and staff members.

Elected to the National Academy of Sciences

John Chipman, Regents' Professor of Economics, College of Liberal Arts

Avner Friedman, Director of the Institute for Mathematics and Its Applications, Institute of Technology

Elected to the American Academy of Arts and Sciences

Daniel Joseph, Russell J. Penrose Professor of Aerospace Engineering and Mechanics, Institute of Technology

Nicolai Krylov, Professor of Mathematics, Institute of Technology

Frank Sorauf, Jr., Regents' Professor of Political Science, College of Liberal Arts

Horace T. Morse—Alumni Association Awards for Outstanding Contributions to Undergraduate Education

John D. Allison, Associate Professor, Physical Medicine and Rehabilitation, Medical School, Twin Cities Campus

Rose M. Brewer, Associate Professor and Chair, Afro-American and African Studies, College of Liberal Arts, Twin Cities Campus

James A. Carlson, Professor of Humanities, Morris Campus

William P. Cunningham, Professor of Genetics and Cell Biology, College of Biological Sciences, Twin Cities Campus

Donald M. Gillmor, Professor of Journalism and Mass Communication, College of Liberal Arts, Twin Cities Campus

Marti Hope Gonzales, Assistant Professor of Psychology, College of Liberal Arts

Joann M. Johnson, Professor of Health, Physical Education, and Recreation, College of Education and Human Service Professions, Duluth Campus

Larry L. Miller, Professor of Chemistry, Institute of Technology, Twin Cities Campus

Ephraim M. Sparrow, Professor of Mechanical Engineering, Institute of Technology, Twin Cities Campus

Clare K. Woodward, Professor of Biochemistry, College of Biological Sciences, Twin Cities Campus

Academic Staff Awards

William C. Beyer, Student Academic Support Services, College of Liberal Arts, Twin Cities Campus

Jeffrey D. Hahn, Minnesota Extension Service and Department of Entomology, College of Agriculture, Twin Cities Campus

Michael J. Lane, Glensheen, School of Fine Arts, Duluth Campus

Thomas B. McRoberts, Continuing Education and Extension Center, Morris Campus

Joyce E. Weinsheimer, University Counseling and Consulting Services, Student Affairs, Twin Cities Campus

John Tate Awards for Excellence in Undergraduate Academic Advising

Jackson Huntley, Associate Professor of Communication, College of Liberal Arts, Duluth Campus

Douglas Lewis, Professor of Philosophy, College of Liberal Arts, Twin Cities Campus

Stephanie Miller, Principal Student Personnel Worker, Department of Chemistry, Institute of Technology, Twin Cities Campus

Jane Murphy, Administrative Assistant, Student Academic Support Services, College of Liberal Arts, Twin Cities Campus

Finally, before I leave the subject of awards and recognitions, I must add one more comment about the "better world," a geodesic globe of Guinness Book of Records magnitude, 10^{-6} (one millionth the size of the real thing) that has graced Northrop Plaza. Earlier this morning, the Board presented Certificates of Appreciation to Dean **Gordon Beavers** and **Bryan Beaulieu**, founder and President, Skyline Displays, Inc. for their leadership in this—to quote the kids—"awesome" project. On behalf of the entire University community, I want to express our admiration and appreciation to the 10,000+ school children and their teachers, the 200+ I.T. alumni mentors, and the 200+ I.T. students who took part in "Building a Better World." The excitement and sheer joy of this project has been a year brightener for all of us.

• Ted Mann Concert Hall •

Our year began sounding better with the May 1 reception and gala for the Ted Mann Concert Hall, the performance auditorium for the School of Music that has just been finished, thanks largely to the generosity and leadership of former Minnesota movie theatre owner Ted Mann and his wife Rhonda Fleming Mann. Mr. and Mrs. Mann not only provided the challenge donation of \$2.5 million, they performed musical solos and duets.

Thanks to the skillful event planning by Roberta Mann Benson, Ted's daughter, and Mary Steinke, a graduate student in the School of Music, a new home of Minnesota culture is off to a well-celebrated fine start.

ADDENDUM — May 18, 1993:

Last minute controversy over the size of Minnesota's state budget reserve and the power of the executive branch to order spending restrictions in the event of future revenue shortfalls has resulted in the veto of two major appropriation bills, including higher education's, and the need for a special legislative session. The vetoed bills will have to be reconsidered in negotiations among House and Senate leaders and the executive branch prior to that special session. Meanwhile, contingency budget work will have to proceed on the basis of the conference bill that was passed by the House and Senate.

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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
June 11, 1993**

Madam Chair, Ladies and Gentlemen of the Board, for another 10,000 or more University graduates, early June marks the completion of the academic year, and we are nearing the completion of a fiscal year, marked by the presentation of a budget plan for action next month. Today also marks the beginning of two-year terms for Board officers, and I would like to congratulate Regent Jean Keffeler, our new Chair, and Regent Tom Reagan, our new Vice Chair.

• The University of Minnesota Budget Plan for 1993-94 •

The budget presented to the Board of Regents this week is more than numbers. It speaks to priorities, pressures, aspirations—and, in the case of the state's decision not to fund wage increases this year, disappointments.

After the deep cuts to the University budget in the 1991-92 legislative sessions, we argued—with conviction and proof—that the state would *not* be served by a University starved for funds; that further cuts to our base would do serious harm; that lack of funds to cover faculty and staff salary increases would strike at the heart of the institution; and that good work must be rewarded. It takes money to retain an excellent faculty and staff and remain the quality institution demanded by the citizens of Minnesota.

The reason we did as well as we did was that everyone worked hard. There was an unprecedented spirit of cooperation from the University community — alumni, faculty, staff, students, and friends of the University—when the request was shaped and finally delivered to the legislature in January. And I thank all of those involved in this effort.

Lawmakers listened to us, and did what they could in tough times. We got an “imperfect” result. Even though we consistently argued for salary increases, the appropriation did not provide for them. Given the political and economic situation, the appropriation bill was probably the best we could get. However, we are left with serious problems that we've tried to address as best we can in this budget.

It is a budget that shows, above all, that the University of Minnesota values its students and the quality of their educational experience.

- After years of near double digit tuition increases, we are proposing a general tuition increase of 3% and a Quality increase of 1.3%.
- That Quality increase amounts to about \$1.56 million—money that will flow directly to the students in terms of enhanced services. Among other things, this money will allow us to buy some much needed classroom

equipment, improve our libraries, better serve people with disabilities, enhance our computer networks for students, and provide matching dollars for federal student aid.

There are some hard realities reflected in the budget. The University has an \$18.5 million dollar budget problem, caused by the tuition shortfall, costs of operating new space, increased debt service obligations to the state, compliance with several state and federal laws, increased costs for the maintenance of CUFS, and a number of other management, audit, and legal requirements. Thus, painful cuts are necessary, and more layoffs are inevitable. Therefore, we are recommending the extension of the University's Nonrenewal and Layoff Program.

Increased tuition revenues solve less than one third of the problem; \$13.3 million must be solved by cuts. We have proposed a 2.64% cut at the Vice President level. When the mandated costs are combined with reallocation funding, the end result will not be an across-the-board cut. The 1991 reallocation plan established the budget principles and academic priorities. This budget continues the reallocation plan's blueprint and will be the method each vice president will use to allocate to the units. Cuts will not be across-the-board at the unit level.

Fair compensation for employees is a priority issue as we implement this year's budget and prepare for the next. We will negotiate in good faith with our unions; however, the legislature did not fund increases for faculty and staff this year. Whatever develops in future contract negotiations, we are committed to treat all faculty and staff equitably and to provide salary increases in the second year of the biennium. In addition, I have directed Associate Vice President Carol Carrier to develop a stronger program to support faculty in their teaching and research and to assist staff in their career development. This budget includes half a million dollars for that effort.

State budget cuts have made implementing our five-year, \$60 million dollar Restructuring and Reallocation plan more difficult, but we have not allowed fewer state dollars to derail our commitment to strengthening this University academically. We will continue to put reallocated money where it is needed to improve the quality of the University. We have managed to stay slightly ahead of schedule on the reallocations for the system-wide initiatives, and the results are encouraging. For example, the Undergraduate Initiative has given us smaller classes, improvements in large classes, more advisors, more sections of required courses, and some truly innovative teaching.

Improving the quality of teaching, research, and outreach will continue to be the primary goal of our strategic planning for the future. All of our constituencies have expressed support for this effort. We will continue to ask tough questions and make tough choices. As we extend these efforts beyond the current planning horizon, 1995, we will concentrate on making clear to the state that support for our quality improvements must result in more tangible budgetary support for our programs and people.

I thank all members of our broader University community for your dedication to the welfare of the University of Minnesota.

• **The Minnesota Supercomputer Center and the University** •

INTRODUCTION

In 1982, the University of Minnesota, in cooperation with the University of Minnesota Foundation (UMF), established a private, for-profit company, then named Research Equipment, Inc., now the Minnesota Supercomputer Center (MSC), Inc. This unique public-private partnership was established for the purpose of enabling the University to develop a supercomputing program beyond its internal financial means, by selling supercomputer services to commercial and other users.

The mission of the Minnesota Supercomputer Center, Inc. was defined as follows:

"To facilitate solutions to important problems for the University of Minnesota and other users through the most advanced, large-scale, high-performance computing facilities and technology resources in the world."

In May, 1993, a special task force co-chaired by Professors Thomas E. Burk and Irwin Rubenstein, submitted a report to Professor Mario Bognanno, Chair of the Senate Consultative Committee, and me containing an assessment of the role of the Minnesota Supercomputer Center and recommendations concerning future action. The report underscores the need for supercomputing in many aspects of the work of a major university, adding that "good access to supercomputing is likely to be a central characteristic of universities that are identified as 'first rank' in the next decade."

The report further states:

"The Supercomputer facilities of the Center are among the best in the world. The presence of the Center and its excellent technical support staff at the University has been instrumental in recruiting top faculty talent, attracting and training graduate students, and educating undergraduates, and enabling successful competition for a significant amount of non-state funds."

The University is indebted to the University of Minnesota Foundation and its leadership, especially to those individuals who have served as the board of the Minnesota Supercomputer Center, Inc. over the past few years, for the achievements represented by the Center. The aggressive management and marketing of the Center by its management team has made available to the

University and other users some of the best supercomputing equipment in the world.

We are also indebted to the Task Force on Supercomputing for addressing forthrightly the problems experienced as this unique, for-profit, public-private partnership has developed. Over the past several years, the University and the Center have taken steps toward resolving these issues. New contracts that specify the relationship between the University and the Center have been formulated. Arrangements have been made for the disclosure of information concerning the Center's finances. And, issues having to do with the management of the Center in relationship to its university-based counterpart, the University of Minnesota Supercomputer Institute (MSI), have been addressed. The report of the Task Force emphasizes the desirability, indeed, the necessity, of further close collaboration and communication between the Center and the University, if the vision that led to the formation of the Center is to be sustained in the future.

In order to complete this brief background information, it is important also to provide at least a summary version of the mission statement for the University of Minnesota Supercomputer Institute, the Supercomputer Center's companion organization within the University. It reads as follows:

"The Supercomputer Institute is an interdisciplinary research program of the University of Minnesota. The mission of the Supercomputer Institute is supercomputer research. The Supercomputer Institute promotes its mission in several ways. These include computer resource allocations, travel grants, and research scholar grants. The Supercomputer Institute supports supercomputer research carried out using the supercomputers and other resources of the Minnesota Supercomputer Center, Inc. The Supercomputer Institute supports visits to the University of Minnesota for the purpose of supercomputing research. The Supercomputer Institute provides a focal point for collaborative research on supercomputing within the University and the State. The Supercomputer Institute promotes the interchange of ideas in the field of supercomputing research including the dissemination of results of research accomplished with its resources."

RESPONSE TO ISSUES RAISED

I will now turn to a series of responses to issues raised in the report of the Task Force on Supercomputing. The University needs to respond directly to certain of these issues. Others are issues for which responsibility lies with the Board of Directors of the Minnesota Supercomputer Center (MSC) and need their action. My recommendations are as follows:

1. The University of Minnesota Foundation (UMF) and the University of Minnesota (UM) should remain the joint owners of the MSC.

2. The Board of the MSC will be requested to update the mission statement of the Center, clearly defining its purposes as those of
 - a. providing cost-effective state-of-the-art supercomputing capacity and services to support the University's mission in research, teaching, and outreach/public service,
 - b. enhancing, by its presence and its service to other customers, the economic development of the State of Minnesota,
 - c. providing service and opportunities for educational development to other educational institutions and systems in Minnesota and the region, including K-12 as well as post-secondary education, and
 - d. providing service to the private sector.
3. The mission statement for the Minnesota Supercomputing Institute (MSI) will be updated under the direction of the Vice President for Research, clearly defining its purposes as those of
 - a. conducting research and education in the development, use, and application of supercomputing,
 - b. providing access to the services of the MSC for the faculty, staff, and students of the University of Minnesota for research and education in accordance with University priorities and on the basis of clearly stated principles, and
 - c. providing access to any other supercomputing services that may be available to University users for research and education.

These objectives have been, and will continue to be, met through:

- appointment of Fellows of the MSI;
- a Director of the MSI; and
- an Executive Committee drawn from the Fellows as well as the broader University community, with a Chair other than the Director.

The MSI has reported, and will continue to report, to the Vice President for Research and will continue to be under the direct oversight of the Vice President.

4. The Board of the MSC is requested to undertake a timely external review of the Center's management, focusing on problems of communication and customer service. The creation of a new senior management position of Director for University Services, as has been contemplated by the MSC Board, is endorsed. The Director would serve as the principal

liaison between, on the one hand, the MSC and, on the other, the MSI, the Vice President for Research, and the University community.

5. The President of the UM and the Chair of the UMF will recommend to the MSC Board and the MSI the establishment of a Liaison Committee to address Center-Institute joint planning and issue resolution. It is expected that the Committee would include members of the MSC Board, MSI Fellows, the Vice President for Research, and MSC's Director of University Services.
6. The University's Vice President for Research will complete the external review of the MSI that is under way and make appropriate changes on the basis of its recommendations. The Director of the MSI will work directly with the MSC's Director for University Services to ensure a productive working relationship between the two organizations.
7. The existing Service Agreement between the MSC and the UM will be reviewed by the Chair of the MSC Board, the Chair of the UMF Board, and the Senior Vice President for Finance and Operations and the Vice President for Research of the UM to remove any ambiguities that may exist regarding the nature, amount, or particulars of the service to be provided.
8. In order to ensure that the Center fulfills its mission vis-a-vis the University, and that the University receives full fair value for its purchased services, the Center will be requested to provide annually a full confidential disclosure of its financial activities to the President of the University and the Chair and Vice Chair of the Board of Regents, and any other Regent who requests the information. The Center is expected to maintain the confidentiality of its commercial sector and non-University information as required under its contracts with third parties. A financial examination of all funds expended by the University at the Center, and the Center's performance under contracts between the University and the Center, are proper subjects for public audit.

The Board of the MSC is requested to present in its published Annual Report programmatic and financial information that, while respectful of individual contractual privacy, will describe to the public the overall programmatic and financial status and progress of the Center.

9. In accordance with the recommendations of the Task Force on Supercomputing, the two Senior Vice Presidents of the UM Administration will resign from the Board of the MSC; they will be available to the Board in their normal roles in the University's central administration. They will be replaced by two faculty members with appropriate technical and financial expertise.

CONCLUSION

The Minnesota Supercomputer Center, Inc., is a new venture. It represents a creative approach to public-private partnerships. It represents a creative approach to serving the public good through such a partnership.

The Center has been highly successful in acquiring cutting-edge equipment and in establishing a financial base for its operation. It has contributed to very important developments in the University, in faculty recruitment, in new research activity, in sponsored research. It has served the public good.

There is, however, a heavy cloud of mistrust and suspicion – going back to its founding – hanging over the Center, a cloud that must be dispelled if the Center is to serve the citizens of Minnesota.

The functioning of the Center has been threatened by serious disagreements as to its mission and its management, and the degree to which – and the manner in which – its programmatic and financial records can, and should, be made public.

These recommendations represent my best effort to set the MSC and the MSI on a productive course for the future.

I have been mindful of the need for a corporation such as the MSC, a private, tax-paying, for-profit company, to honor its contractual obligations to its private sector customers, including privacy.

I have been mindful of the public's right to know what goes on in a public university, of our obligation to provide full disclosure of the use of all public funds to the Legislative Auditor, the Legislative Audit Committee, the Board of Regents, the University community, and the public.

I have gone back to what I believe to be the original intent behind the establishment of the MSC and MSI.

I have discussed the issues that have arisen with the members of the Task Force on Supercomputing and other faculty leaders, and with representatives of the Board of Regents, the Board of the UMF, the Board of the MSC, and colleagues in the administration.

I have in the end had to rely on my own best judgments in trying to chart the right course in the face of divergent views.

I ask all parties to join behind this agenda for the future.

• **Management Appointments in the Health Sciences and the Medical School** •

I am including in my report this month the statement I made on June 8, 1993, regarding changes in management in the Health Sciences and the Medical School:

"My announcements today are made with resolve and with gratitude.

I'm announcing management changes that are designed to further the University's *resolve* to preserve and enhance the vitality and reputation of our Health Sciences programs and faculty.

My *gratitude* goes to the people who have made this restructuring possible ...

First, my gratitude goes to Mr. Winston R. Wallin, chairman of the board of Medtronic and its retired chief executive officer. Mr. Wallin has accepted my offer of a one-year appointment as my Special Adviser to assist me in formulating and recommending plans for working out major issues in Health Sciences.

At Mr. Wallin's insistence, this important role will be carried out without compensation.

Mr. Wallin will head a team of health sciences representatives to advise and assist the university administration in planning and implementing the following initiatives:

- Determining the roles of the Health Sciences and University Hospital in the rapidly changing health care marketplace.
- Revising the Medical School's Private Practice Plan.
- Determining the most appropriate management structure and practices for the Medical School.

Mr. Wallin's role will focus on broad issues. We also have new key personnel to make certain that the University can protect some of its most valuable assets: the strength and morale of our health sciences faculty and students.

Dr. Richard Elzay, dean of the University's School of Dentistry since 1986, has agreed to take on – in addition to his duties as dean – the temporary assignment of Deputy Vice President for Health Sciences, except for the Medical School. Dr. Elzay has the University's gratitude for his willingness to step in this position during this stressful period of transition and transformation.

I have today accepted the resignation of Dr. David Brown as the Dean of the Medical School. It is with regret that I do this as he has been a loyal participant in serving the needs of academic medicine.

In these difficult times, David Brown has consistently been a valued colleague at the University. His tenure as Dean has made him one of the longest serving Deans in the country. I very much appreciate his cooperation and willingness to now give the new Health Sciences leadership team a chance to move forward.

I have asked David to continue as an active participant in the Strategic Planning Committee for Research and the Executive Negotiating Committee of the University. I am pleased that David has agreed to continue in these positions and I look forward to a long and continued close working relationship with him.

I will launch an immediate search for an Acting Dean of the Medical School and Deputy Vice President for Medical Affairs.

These appointments will replace Robert Anderson, who announced four months ago his intention to step down from the Health Sciences vice presidency this summer."

• Regents' Professorships •

One of my greatest pleasures as President is the announcement of colleagues who have been selected to receive the highest distinction that the University of Minnesota bestows upon faculty members, the Regents' Professorships. This is the honor that reflects everything that is best about the University—that speaks to the essence of quality and academic service. It's also a personal pleasure, bringing three new colleagues into the Regents' Professors group, from which I have the regular opportunity to seek valued advice and and good counsel.

This year's appointments are to fill the vacancies created by the retirements of Robert Gorlin, Regents' Professor of Oral Pathology, School of Dentistry, and Lawrence Markus, Regents' Professor of Mathematics, Institute of Technology, and the death of Paul Gassman, Regents' Professor of Chemistry, Institute of Technology.

Appointed this year are:

- **Willard W. Hartup, Regents' Professor of Child Development, Institute of Child Development, College of Education**
- **Benjamin Liu, Regents' Professor of Mechanical Engineering, Institute of Technology**
- **Ronald L. Phillips, Regents' Professor of Agronomy and Plant Genetics, College of Agriculture.**

I must express my special thanks to the Regents' Professorship Nominating Committee and its chair, Professor Andrew Collins, for the selection of such distinguished nominees.

• Sunrayce 93 •

Since it goes public today, I think I should disclose my gambling behavior to you. You will recall that in our April meeting I talked to you about *Aurora*, the solar-powered car that University of Minnesota students have designed and built for "Sunrayce 93." That 1,000 mile race begins in Dallas on June 20, and *Aurora* will—I have no doubt—cross the finish line first on June 26 at the Minnesota Zoo.

Another university president, President Richard Rush at Mankato State University, is similarly confident about the Mankato State entry, named *Northern Light II*. He is announcing today a modest wager. Mankato State is putting up a chunk of Blue Earth County kasota stone; I'm betting four bushes—one for each University campus—of University-developed "Northern Lights" azaleas, a particularly happy coincidence of naming, with the proviso that they be planted in full view of President Rush's office, with a "significant" sign that says "Compliments of the University of Minnesota." No such proviso has been made for the location of MSU's kasota stone, but the I.T. area did lose the "Sagamore Nugget" when we returned it to the City of Crosby.

• "Odyssey of the Mind" •

Another University of Minnesota team made this week's news by winning a national collegiate level competition—and one remarkable part of the story is that we didn't even know we had the team until Mary Jane Smetanka's article appeared in Wednesday's Star Tribune. The more remarkable part is that the members of the University of Minnesota team are all ninth-graders:

Bob DeHaven, Lindsay Gannott, Sara Ostroot, and Kate Stimson, who also attend Maple Grove Junior High School in the Osseo School District, and **John Hegstrand**, who also attends Benilde-St. Margaret's High School in St. Louis Park.

They won one of the national divisions of the college level "Odyssey of the Mind" contest, which is a problem-solving competition that involves 11,500 schools and colleges in the country. Earlier, as the Maple Grove Junior High team, these students were eliminated in regional competition, but they put their problem-solving skills to the task of figuring out how to get back into competition. Through Daryl Sedio, who administers our Post Secondary Enrollment Options program, they enrolled as University of Minnesota students in the course, "Greek and Latin Terminology in the Medical and Biological Sciences and the Humanities," and we had a team. They competed against eight college teams, including the Massachusetts Institute of Technology, Iowa State University, and the University of Maryland—and won!

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
July 9, 1993**

Madam Chair, Ladies and Gentlemen of the Board, this month's action on the University of Minnesota budget for 1993-94 is anything but a "business as usual" action on one annual budget. It's an action on one year's budget that continues the implementation of the tough choices of 1991 and lays the groundwork for several years of perhaps even tougher choices.

I must emphasize two important facts about this budget.

- It represents the third installment in the five-year, \$58 million Restructuring and Reallocation plan of 1991—an installment that keeps us ahead of schedule.
- It clearly demonstrates that another restructuring and reallocation is necessary—one that in my view must be of at least the same magnitude as in 1991.

The 1991-1995 Restructuring and Reallocation Plan called for \$58 million in reallocations. We have completed about two-thirds of those reallocations.

Those reallocated dollars have gone to colleges with heavy undergraduate enrollments, especially CLA, IT, UMD, and UMM, to some professional schools, and to libraries and a series of system-wide initiatives in undergraduate education, diversity, K-12 relationships, international education, telecommunications, and research and technology transfer.

Even since you last saw the FY 1994 budget in June, we have added funds to several colleges to speed up the scheduled reallocations. And, another \$1.5 million has been provided from Central Reserves to fund the \$2 million faculty/staff development program—\$1.25 million for faculty and professional staff development, plus \$750,000 for civil service/organized unit staff development.

The impact of these reallocations has, of course, been diminished by the loss of state-appropriated dollars over the past biennium and the 5% salary and wage increase last year, which we accomplished through a separate reallocation of University dollars. But, aggressive reallocation to high priority areas has continued.

The funding prospects for the foreseeable future are such that we must look to another major restructuring and reallocation plan for FY 1995 and beyond.

This is what the Board of Regents is telling me.

This is what the faculty and staff leadership is telling me.

This is what my own administration is telling me.

This is also my own view.

I'm telling you this today.

"Restructuring and Reallocation" sounds innocuous!

- It was not innocuous when we closed Waseca, when we eliminated four-year teacher education on the Twin Cities campus, Dental Hygiene at Duluth, and several research centers, when we consolidated departments, and when we cut \$13 million from central administration and support services.
- It was not innocuous when we eliminated 1,000 faculty and staff positions in the University over the past two years, many of them positions with people in them.

"Strategic planning" sounds innocuous!

- It will not be innocuous when we lay out the unit closings, the consolidation of units, the possible lay-offs of hundreds of people that will again be necessary to reallocate the amounts needed to ensure quality in our core functions in teaching, research, and outreach and public service.
- Yet, it is necessary for the health, the quality, the future of this University.
- Yet, it is necessary for the future of this state.

This is Restructuring and Reallocation "with a vengeance!" Maybe that's the name we should give to what we're going to have to do?

The name is not important. What's important is that you all understand what I'm saying. You, the Board of Regents. You, the faculty and staff. You, the students. You, the political leaders. You, the citizens of Minnesota.

The objectives?

To ensure that Minnesota has one of the best research and land-grant universities in the country:

- one that fits the needs of Minnesota;

- one that is national and international in scope and quality;
- one that has true quality in all its basic components—
 - in research, scholarship, and artistic activity
 - in teaching at the undergraduate, graduate, and professional levels
 - in outreach and public service.

To do that, we must get smaller. We must stop doing certain things. We must do what we do more efficiently.

We must find ways to recruit, retain, and reward faculty and staff—that basic ingredient of quality.

We must create working conditions that will unleash the creativity of the faculty and staff—and sustain their productivity.

We must create an environment that will give our undergraduate, graduate, and professional students the best education anywhere—demanding in terms of preparation and hard work, accessible in terms of economics, ethnic and racial background, or geography.

This is an announcement of the agenda that I'm proposing for the strategic planning, the new Restructuring and Reallocation "with a vengeance" for FY 1995 and beyond. I'm proposing a target for reallocation of no less than \$60 million, a target that—depending on the state's ability to support a high quality University of Minnesota—could go much higher.

This is the agenda that you will be engaged in—intensely—over the next few months.

This is the agenda that you will be asked to support when difficult specifics are placed before you—the Board of Regents, the faculty and staff, the students, the political leaders, the citizens.

This is the context of the budget we are placing before you—a budget that moves the restructuring and reallocation of 1991 toward its completion and that anticipates the restructuring and reallocation "with a vengeance" of 1994 and beyond.

- We have taken seriously the Board's admonition to renew our strategic planning efforts—efforts that go back to the late 1970s. This budget invests in our planning capability.
- We have taken seriously this Board's admonition to tie budgeting more closely to planning—and to the review of unit performance. This budget invests in our budgeting and financial management capability.
- We have taken seriously this Board's admonition to provide multi-year capital and operating budget plans—having already delivered on the

former—and this Board's admonition to budget for maintenance of facilities. This budget includes a number of items that have previously gone unfunded or been covered in *ad hoc* ways.

These are important steps—reflected in this budget and in other activities we have recommended and will recommend to you—important steps that will give us the capability to generate the data and the analysis we need to make further major changes, and the management capability to carry out those changes.

You identify the following four priorities in your assessment of my performance:

1. **The development of a strategic plan is the number one priority for the Administration over the coming months.**
2. **Strengthening and clarifying the management infrastructure to ensure the capability of the organization to execute the strategic plan, as well as the policies of the Board and management, is the number two priority over the coming months.**
3. **Improving capital and operating budgeting processes to provide the Board and management the capability to allocate resources to serve the strategic priorities, set by the Board, is the number three priority for the Administration for the coming months.**
4. **The development of an external relations program is priority number four for the Administration over the coming months.**

I could not agree more—because these are the priorities that we must set in order to carry out our academic mission.

We will be able to assess where we are, determine in detail where we must go, and establish the outcomes that must form the basis for our "contract" with the State of Minnesota.

Can we reallocate another \$60 million or more?

That's the challenge I hear ringing in my ears. That's the challenge I'm placing before us in our strategic planning effort.

• Medical School Management Review and Medical Practice Plan •

The Medical School Management Review by Deloitte & Touche, as well as the proposed modifications in the Medical Practice Plan, must be considered in both national and local contexts.

1. The major restructuring of American health care will have profound effects on all American medical schools—on all academic health care centers, their hospitals and clinics, and their affiliated health care organizations.

In other words, an academic health center with no problems does not exist. We all have a major problem on the horizon—dealing with whatever emerges as our national health care strategy. Whatever emerges in the next several months will affect the way medical education is financed, the way clinical services are financed, the way hospitals are financed.

Whatever emerges as a national strategy, we already find ourselves in a highly competitive situation, not the least in Minnesota, and certainly across the country. A number of highly competitive health care conglomerates have been established that compete directly with established academic health care centers.

We have to position ourselves in that competitive environment in such a way that we can maintain viable clinical activities as part of providing medical education and medical research. We simply cannot provide that education and research unless we have that access to clinical practice for our students and researchers. That's the basic reason why we maintain clinical activities, and there is also the fact that major financing comes from those clinical activities in support of teaching and research—last year, in our case, some \$35 million, a major infusion of funding for the Medical School, a school that, by comparison, receives \$32.7 million in direct support from the state's taxpayers through state appropriations, 13.1% of its total budget.

2. We have our own reform agenda, affecting the entire University and involving a major restructuring of financial management systems, personnel systems, and setting academic priorities. That agenda, of course, affects the Health Sciences just as it affects the entire University.

We have had some special problems in the Medical School—some serious problems that have to do with lack of oversight, lack of a management system that could meet the challenges of the program activities in the Medical School, and the challenges of providing funding from multiple sources in support of the research and teaching that goes on in the Medical School.

We have some problems with regulatory agencies where there are allegations of non-compliance with some federal regulations, even investigations by the U.S. Attorney and the FBI of possible criminal violations.

All of this comes together as an extraordinarily challenging and important agenda. The University has tried now, over a period of several years, to identify the issues, to analyze the issues, and to propose remedies as part of our reform agenda.

What you are seeing before you at this point are a couple of major installments in that reform agenda, especially as it applies to the Medical School and to the clinical practice of medicine in the University of Minnesota.

I want to emphasize here that these things are elements in the broader strategic planning efforts for the health sciences, for the Medical School, for clinical activities, for the hospital, and for the University as a whole. They are not just actions that stand there by themselves.

3. The management review is a comprehensive effort to look at the management of the Medical School with the help of a professional consulting firm, Deloitte & Touche.

We are very pleased with the work they have done for us. We think they have done a thorough job. They have identified some serious problems of management that need to be addressed, and they have made recommendations that we believe are recommendations that must be taken very seriously.

At this stage, they are recommendations. I have put together an implementing team that will now evaluate those recommendations and that will go forward with administrative action and with recommendations to the Board of Regents for Regents action on the basis of the recommendations from Deloitte & Touche. I want to emphasize that the Deloitte & Touche report is a set of recommendations and will be the basis for further action, but their report is not yet a specific agenda for such action. I say this, not to in any way diminish the importance of those recommendations, but simply to emphasize that there are other concerns that need to be taken into consideration as we move forward with implementation.

The object of this management review, of which the private practice plan revision is a part, is to make sure that our faculty members can do their research and teaching freely, openly, and unhampered by nagging management problems; that they will be supported by an infrastructure that can sustain those research, teaching, and clinical activities in which they are also involved; that clinical activities are an integral part of what we are doing.

4. The medical practice plan is one that, after very extensive discussion, calling in national expertise, and looking at alternative models, we have concluded is the best solution for the University of Minnesota, given all the factors that we have to take into consideration.

A medical practice plan has to do several different things and we believe that this particular approach does accomplish that.

First, the medical practice plan has to provide incentives to clinical practice so that we can attract the best faculty for the Medical School, so that we can provide an environment in which faculty members from the Medical School can practice their clinical specialties and maintain a viable clinical practice in support of our teaching mission and our research mission.

Second, the medical practice plan has to have flexibility, because we find ourselves in a very competitive environment, and it is very important that the medical practice plan, and especially UMCA—the University of Minnesota

Clinical Associates, which is the body that oversees the medical practice plan—can make quick strategic decisions in this very volatile and competitive health care environment.

And third, it is important in this volatile environment that the University not assume undue risks in medical practice, under the medical practice plan. Clinical practice is an activity that entails certain risks, and those risks ought to be borne by the medical practice plan and not incur obligations on the part of the University to bail out enterprises that conceivably could find themselves in difficulty. There are other aspects, many other aspects also, but those are the three thriving motivations for providing this kind of medical practice plan.

5. We are extremely serious about what we are doing here. This is no matter of polishing the surface, this is a matter of looking at the very fundamental management structures of these activities, to make sure we have a structure that can sustain a strong medical school, a strong clinical practice, a strong hospital, and a strong health sciences center for the citizens of the State of Minnesota.

I am very pleased by the degree of cooperation that we have had, not only from Deloitte & Touche, but from the Health Sciences, and not least from the Medical School. There has been a willingness to sit down and tackle these issues—to participate in resolving these issues. There has not been complete consensus, but there has been strong support for change. I am quite comfortable that as we move toward implementation, and as the implementation team that I will be personally working with goes about its business, that we will have the full cooperation of the members of the medical profession in our Medical School, and that we are going to be able to bring those changes about.

6. As far as the implementation is concerned, the following people will be directly involved:

the Deputy Vice President for Medical Affairs and Acting Dean of the Medical School Designate, Dr. Shelley Chou;

the Deputy Vice President for the Health Sciences and Dean of the Dental School, Dr. Dick Elzay;

Senior Vice President for Academic Affairs and Provost, Jim Infante;

Senior Vice President for Finance and Operations, Bob Erickson;

and we have the services of a volunteer, Mr. Win Wallin, who has already been very active in the health sciences, in the Medical School, in the hospital in helping us identify issues, and who will be working very directly with us in forging a strategic approach, a strategic plan into which this management review and the medical practice plan will be fitted.

This will be the implementing team, and I will work directly with them. We have every intention of making the best possible decisions about implementation on the basis of the recommendations that have come forward from Deloitte and Touche.

• Awards •

Individual awards that are based on the judgments of professional colleagues are especially meaningful. The same is true of awards to departments, even though departmental awards tend to receive less publicity. Particularly when such awards relate directly to institutional priorities, I think it is important to acknowledge them in Board meetings.

On June 28, the University's Office of Research and Technology Transfer, ORTTA, received the **Justin Morrill Award** from the Technology Transfer Society—the first time in this award's seven year history that it has been given to a university. It's a recognition that I believe is particularly worth noting, both for its significance as an honor well-earned by Associate Vice President Tony Potami and his colleagues, and one more indicator that the University of Minnesota has accomplished quality improvements that we set out to make in the 1980s.

It is one of the built-in challenges of making long-range institutional change that the early self-study and planning efforts tend to fade in institutional memory. Yet, it's important to remember where we were—in this case, in 1983—and why we set out to make changes.

In the area technology transfer, we recognized, ten years ago, that we could do a better job—and have a greater effect upon the economy of Minnesota. With some notable exceptions, such as some areas in agriculture, health sciences, and engineering, we were not particularly aggressive about patents and licensing, about developing commercially the knowledge gained by research, or about reaching out to those Minnesota business sectors that were not already involved with the University.

Our long-range planning in this area was based on the Report of the Task Force on Higher Education and the Economy of the State, a task force appointed by President Peter Magrath and chaired by David Lilly, then Dean of the School of Management. In brief, a major goal coming out of that report was to develop a much more aggressive and University-wide program of technology transfer.

The primary means for accomplishing that goal was the reorganization of our Office of Research Administration into the Office of Research and Technology Transfer Administration, giving Associate Vice President Potami and his colleagues the charge and the resources to get the job done.

I would guess that the ORTTA staff would be the first to say the job isn't done yet, but we have seen dramatic results with great regularity.

We have gone from something less than an "also ran" to the sixth most productive university in the country—public or private—in patents awarded to faculty members over the 1986-1992 period.

We now have more than 200 active technology transfer agreements with 168 companies, the most recently publicized being "Taxi 2000," the personal rapid transit technology just approved as an experimental project by the City of Chicago—a project that, if successful, may well lead to major national and international contracts in the future.

And ORTTA can take considerable credit for the successful development of Minnesota Project Outreach, currently part of Minnesota Technology, Inc., which has been cited by both Congress and the Clinton administration as a model for state and national technology innovation programs.

Officially, the Justin Morrill Award is presented to an organization that has an exemplary record for the transfer of technology, and which also has made outstanding contributions to the theory and practice of technology transfer.

Unofficially, I take ORTTA's winning of this award to mean that we have the best technology transfer office in the country; that's basically what we intended, and we did it.

External Relations - CASE Awards

The development of an external relations program is one of the four priorities that you set for the coming months—one that I agree with, but one that must be understood as further development; we're certainly not starting from scratch.

Again this year, as they have fairly consistently for the last several years, units in the University's External Relations area have been singled out for major, juried awards by the Council for the Advancement and Support of Education (CASE):

- University Relations won one of two Gold Medals for Public Service Service Announcements and Commercial Spots ("Glory" campaign)
- the Department of Pediatrics won one of two Gold Medals for Individual Photographs (University Children's Foundation publication)
- University Relations and the Minnesota Alumni Association won jointly the single Gold Medal for Individual Institutional Relations Projects (the Memorial Stadium demolition ceremony and brick sale campaign)
- the Minnesota Alumni Association won one of four Bronze Medals for University General Interest Magazines
- the Alumni Association also won one of ten Silver Medals for Best Article of the Year

- and the Development Office was one of several winners of CASE's Circle of Excellence Award.

University of St. Thomas Distinguished Service Award

I also think it's important to take note when members of the Board of Regents win awards, and **Regent Wendell Anderson** has been honored by the University of St. Thomas with their Distinguished Service Award. It was given on the 10th anniversary of the U. S. Supreme Court's ruling, upholding the Minnesota tuition credit law that Governor Anderson supported and signed in 1973, one of several initiatives regarded to have been "of tremendous importance to 16 private colleges and to the thousands of Minnesota students who attended them."

NCAA Men's Basketball "Final Four"

Finally, and surely neither the least publicized nor the "award" with the least economic impact, the University of Minnesota has been selected as the host to the 2001 NCAA Men's Basketball "Final Four" tournament in Minneapolis.

We were already honored this January with the first "Copper Top Award" awarded by the Greater Minneapolis Convention and Visitors Association, "for continued support in attracting conventions and sporting events to Minneapolis and the Twin Cities Metro Area.

The direct dollar benefit from the groups and events that the University had brought to the Twin Cities exceeded \$60 million, and it is encouraging news, indeed, that this kind of economic impact and national publicity will grow again in the year 2001.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
September 10, 1993**

Madam Chair, Ladies and Gentlemen of the Board, since my initial presentation on strategic planning at your September 3 retreat, I'm sure we've all shared at least some experiences with the interpretation exercise. Whether we think of that first presentation as a "working hypothesis," "a rosebud—not a rose," or something as simple as a "first draft," it was surely not the last word and not the completed strategic plan with all the detailed questions already answered.

Let's be clear; we don't have all the answers. Anyone who suspects that all the details are written up somewhere, just waiting to be released later, is just plain wrong. I'm putting our ideas out onto the table early—for discussion, for debate, for modification, and for the development of the action steps that will turn vision into reality.

My presentation this morning, reprinted below, is one next step in further explaining the vision and the strategic planning process. Another step is the appended *Status Report No. 2, "Strategic Planning,"* which will be shared with all University employees and distributed widely to community leaders and interested citizens. My State of the University address on October 4 will be a further elaboration, and it's my intention that "University 2000" will be the dominant topic on our table for the foreseeable future.

UNIVERSITY 2000:

THE UNIVERSITY OF MINNESOTA FOR THE 21ST CENTURY

The year 2000 is a threshold...

- To a new century – a new millennium.
- To the 150th anniversary of the University of Minnesota.

The year 2000 is a benchmark...

- A target year for fundamental change – change that started – yesterday.
- A target year for fundamental change that – in my case – started January 1, 1989.

THE UNIVERSITY OF MINNESOTA: MINNESOTA'S LAND-GRANT UNIVERSITY

The University of Minnesota has always had two distinct, but mutually reinforcing, roles in Minnesota. I'm reminding us all of what they are . . . and I'm determined that we should succeed in each.

The message to Minnesota should be loud and clear. Minnesotans require a world-class research university and a world-class educational institution that serves the needs of the citizens of the state, the nation, and the world—a University that truly represents and serves our society in its full diversity, serving all segments of our society and incorporating that service into the life of the University. We can do that, but it will require some changes—some profound, some subtle.

My strategic vision – which I have called "University 2000: The University of Minnesota for the 21st Century " – sets the course for those changes.

In my inaugural speech in 1989, I spoke of "tradition and renewal;" in my State of the University speech in 1992, I spoke of "changing our ways to save our values."

I renew those calls today.

We have in our land-grant heritage and in the history of this wonderful University a sound foundation, sound values, on which to build.

I believe that we also have the will to change to meet dramatically new circumstances and demands for the future.

It is our mission – it is "University 2000" – to be

- a leading global research university and
- a university in the community.

This is my basic theme. Everything flows from it. This is the essence of the University of Minnesota.

I state this theme as a reminder of our past, and a challenge for our future.

PARTNERSHIP

I also state this theme as an invitation to partnership with public and private higher education in this state and region.

We will relentlessly pursue our mission, our responsibilities, but we realize that we are only a part of higher education in the state and region. We do not

want to, and obviously cannot, be all things to all people. We need partners; we need to divide the labors.

There is much to do for all of us.

I also state this theme as an invitation to the citizens of the state, our owners and our customers, to participate in the shaping of your university for the 21st century.

Let's have a spirited dialogue about the University's priorities, what it should and should not do, what the state can and cannot invest in.

And, when the dialogue is finished and the Board of Regents have made their decisions, let's then all rally behind our University and make it the best it can be.

That's the spirit of "University 2000."

SCHEDULE

On October 4 – in my State of the University speech – I will present a vision for the University. Its elements are already public. That's the nature of our open processes. I have presented my vision to the Board of Regents, at their September 2-3 retreat. I have begun my consultations with the governance committees of the University, and with its administrative leaders. My October 4 presentation will be shaped by that consultation.

Beginning October 4, we will invite a broad spectrum of stakeholders around the state to participate in shaping our plans.

Through a series of discussions with the Board of Regents, we will bring a plan – a "University 2000" plan – to completion by the early fall of 1994, drawing on the intense planning activities that have been initiated on all campuses and colleges.

Beginning with the 1994-95 academic year, we will be implementing the ideas and the choices of "University 2000."

AN URGENT PLEA!

Please do not judge "University 2000" prematurely! Let's take the time to consider its ideas—and its choices. Let's take the time to consider it in the context of public and private higher education as a whole. Let's consider fully the advantages of mission differentiation among systems and institutions. Let's consider the return on investment for the citizens of the state that the plan can provide.

Above all, let's not confuse quality with elitism. It is profoundly democratic to seek to be the best – as long as it serves the people. It is profoundly democratic to provide the best educational opportunities for those who can make the best use of those opportunities – at all levels and for all students – without socio-economic, or racial/ethnic, or geographic barriers.

The University of Minnesota should not serve all students, cannot serve all students. It must share responsibility with other systems and institutions. Shared responsibility is basic to the Legislature's continuing policy of mission differentiation. It's also basic to the Higher Education Coordinating Board's "MSPAN" studies, sources I have drawn from in shaping this vision.

But, what the University of Minnesota should do, and can do, it must do better than anybody else. And, it must do it without socio-economic, or racial/ethnic, or geographic barriers.

This is a time to make choices, choices that can ensure a high quality of life for all by striving for the best.

Let's make these choices together and then join in their implementation.

At this stage, I want to summarize the main points of my vision. Please remember that my full statement will be presented on October 4, and be honed in a series of consultations throughout the fall.

POINT #1: THE UNIVERSITY OF MINNESOTA IS MINNESOTA'S LAND-GRANT UNIVERSITY FOR THE 21ST CENTURY.

As a land-grant University, the University of Minnesota must be:

- a leading, global, research university and
- a university in the community.

The University of Minnesota must create intellectual resources, knowledge and know how, in a way second to none.

The University of Minnesota must respond to the needs and aspirations of the community, sharing its intellectual resources — the knowledge and the know how — with the community of which it is a part.

POINT #2: THE UNIVERSITY'S CAMPUSES HAVE DISTINCT ROLES.

The University of Minnesota in Crookston, Duluth, Morris, and the Twin Cities – and at the cooperative University Center in Rochester – must develop unique and special institutional profiles.

UMC: Career-oriented education primarily in technical disciplines.

UMD: Comprehensive regional university with focused research effort and select graduate programs.

UMM: Top-quality undergraduate liberal arts education.

UMTC: One organization serving as the leading research university and a center for community education.

Rochester University Center:

Collaborative effort with Winona State University and Rochester Community College to offer increasing number of specialized graduate programs and select undergraduate programs.

In addition – and as an integral part of our land-grant university – the University of Minnesota has a pervasive outreach activity:

- Outreach:**
- Serve the needs of the state in economic, social, and cultural development;
 - Ensure knowledge and know-how are transmitted throughout the state;
 - Be accessible to and interact with external constituents;
 - Simplify identification and access to the appropriate resources at the University of Minnesota.

POINT #3: THE UNIVERSITY OF MINNESOTA IN THE TWIN CITIES MUST FOLLOW A TWO-PRONGED STRATEGY

The University of Minnesota in the Twin Cities now serves both as the leading research university and as a center for community education, without clearly distinguishing between those responsibilities. Both must be carried out with quality.

The UMTC must be a leading, global research university, offering world-class educational experience at the graduate, professional, and undergraduate level.

- *Learning:* Sustain high-quality research
- *Teaching:* Serve highly capable students with outstanding educational experience.
- *Serving:* Transfer knowledge and know how to the state and preserve the records of our culture for future generations.

The University College/Partnerships must play a leadership role, together with others, in developing the best workforce for the State of Minnesota – in areas where the University of Minnesota has unique or special resources.

Let there be no mistake: Our major role in the Twin Cities is to be a leading, global research university – second to none.

But, we must also use our unique or special resources, in partnership with others, to offer applied and career-oriented education in areas where we have the expertise and cost-effectiveness dictates that we must participate. Our participation must be equal in quality to what we do as a research university; it must be user-friendly; it must be done in a spirit of true cooperation and with utmost concern for the students' needs.

To remove any possibility of misunderstanding, let me state clearly that I endorse the expansion of Metro State as a comprehensive university offering bachelor's degrees, building on the community and technical colleges in the area, and selected master's degrees.

I have been working with my colleagues in the Higher Education Advisory Council, including Chancellor Jay Noren, to forge new partnerships, and to sort out our respective responsibilities as the new merged system takes shape.

POINT #4: UNIVERSITY OF MINNESOTA UNDERGRADUATE EDUCATION IN THE TWIN CITIES MUST BE STRENGTHENED.

The University of Minnesota in the Twin Cities offers undergraduate education of very high quality in many areas. The intellectual content is generally outstanding.

But, the undergraduate experience as a whole is not always what it should be. The University of Minnesota in the Twin Cities has an embarrassingly low graduation rate. Student opinion makes it clear that the sense of intellectual and social community is not as strong as it should be, and that the campus is not user-friendly, despite many exceptions and many dedicated faculty and staff members working hard to make it that.

We must do better.

The UMTC must offer to – primarily – full-time students an undergraduate experience that draws on our rich research and service environment, and that results in graduation within a reasonable time. I propose that we must set as a first target graduating at least 50 percent of the class of freshmen entering in 1996 (as opposed to our current rate of 33 percent, after some recent improvements). The UMTC should maintain or, if necessary, slightly reduce its enrollment.

The UC must offer to – primarily – part-time students an undergraduate experience of high quality in applied and continuing education, leveraging the unique resources of the University of Minnesota. The number of students in these programs should – to meet the significant increase in high school graduates that will occur between now and 2007 – be increased from 7,750 FYE – representing maybe two or three times as many individuals – to 10,000 FYE by the year 2000.

POINT #5: THE UMTC MUST SET PRIORITIES AND DEVELOP FUNDING STRATEGIES WITHIN CLUSTERS OF RESEARCH AND GRADUATE AND PROFESSIONAL PROGRAMS.

In order for the UMTC to truly be a leading research university we must make choices, building on our many centers of excellence – and we have many – but reducing or eliminating programs that are not central to the state or to our role as a research university.

In each cluster – humanities, social sciences, health sciences; agriculture, natural resources, and the environment . . . to mention but a few, we must have at least one discipline in the top ten nationally, and 30 percent of the disciplines in a cluster ought to be among the top 20. A tall order, given the intense competition and the investments needed.

POINT #6: THE UNIVERSITY OF MINNESOTA AS A WHOLE MUST BECOME MUCH MORE USER-FRIENDLY AND RESPONSIVE.

Again, there *are* many examples of user-friendliness and responsiveness. Many faculty and staff members work very hard to ensure that that is so.

But, there are too many exceptions, exceptions that detract from the good work of the many.

Let's make sure that the University of Minnesota as a whole is truly responsive and user-friendly.

POINT #7: THE UNIVERSITY OF MINNESOTA MUST DEVELOP FUNDING STRATEGIES THAT MAKE IT CLEAR WHAT THE STATE GETS – AND CAN GET – FROM INVESTMENT IN THE UNIVERSITY, WHILE LOOKING TO ALTERNATIVE SOURCES TO SUPPLEMENT WHAT THE STATE CAN PROVIDE.

The State of Minnesota gets a great return on its investment in the University. The taxpayers of Minnesota fund one-third of the persons employed by the University, and get 16,000 highly-qualified faculty and staff members added to the work force through the University's own efforts. The State-funded work force has decreased from 16 years ago; the non-tax funded work force by has increased by 46 percent.

And, this does not count the benefits from research, teaching, and outreach—the real return on the State's investment.

Can we devise a contract, or at least a formula, whereby the University of Minnesota will be funded on the basis of its productivity?

Conclusion

This is a first, brief statement on my vision for the University of Minnesota, on "University 2000: The University of Minnesota for the 21st Century."

On October 4, I will elaborate.

Then, let's go to it and together shape the University of Minnesota of the future.

• The University of Minnesota's Agenda •
Quality, Change, and Accountability

I've talked often in my monthly reports to the Board about the need for long-range perspective in a period of institutional change. Changes can be dramatic in the short term—and we've experienced plenty of that—but genuine institutional change does take time. And, with changes in personnel, it's not easy to keep track of where we've been and what we've accomplished.

As a supplement to my State of the University address next month, I'm working on a status report on our reform agendas and the actions taken since I became President four-and-a-half years ago.

I can give you the basic outline today.

The Reform Agenda

The reform agenda is two-fold: improving the quality of teaching, research, and outreach—the University's mission and reason for being—and delivering a higher standard of public accountability as "rule # 1 for my administration" on the basis of major management reform.

The Academic Reform Agenda

The academic reform agenda involves taking stock—systematically—of strengths and weaknesses in teaching, research, and outreach, setting an agenda for quality improvement, and making the necessary changes.

- In "Access to Excellence" (1989) and the "Undergraduate Initiative" (1990), I reaffirmed and strengthened the commitment to focus on higher quality undergraduate education within the framework of a leading research university. This action agenda has produced real and measurable improvements and remains a top priority
- **Preparation standards**
Students are better prepared and require less remedial work; 75% of freshmen now meet all of the increased preparation requirements, compared to 17 percent in 1986.

- **Smaller class size**
Classes are smaller; average course section size is 18.8 students (a 26 percent decrease) since '86.
- **New teaching methods for large classes**
The larger classes that remain are better taught, and the largest section last year was 684, compared to 1,069 in 1986. Last year, only two sections exceeded 400, compared to 13 in 1986.
- **Improved course availability**
Added class sections help 6,000 students a year stay on schedule.
- **More advisors**
The ratio of lower division students to CLA advisors has been cut in half since '86; other advising and student support services in the undergraduate colleges have been thoroughly reorganized.
- **Curriculum reforms balance traditions with the future**
The liberal education curriculum on the Twin Cities campus has been thoroughly revised, and similar curricular reforms have been carried out on the other campuses. The Crookston campus reorganized its entire program from two-year degrees to four-year, polytechnic degrees.
- **Innovative teaching and new technologies**
The President's Forum on Teaching is taking a fundamental look at "how we teach—how we prepare the learning community of the 21st century."
- **Results:**
Retention and graduation rates are going up; 84% of first-year students return (a 17% increase), and 39% of students graduate in five years (an 18% improvement since '86).
- **Restructuring and Reallocation set priorities and new timetable**
In the five-year "Restructuring and Reallocation Plan" (1991), I took the continuing academic reform agenda a major, self-imposed step further. We are reallocating \$ 58 million within existing budgets from lower to higher priorities, a process that is at mid-point—and ahead of schedule—today.
- **Dollars went to:**
 - CLA, IT, and selected professional programs on the T C campus;
 - the Duluth and Morris campuses; and
 - systemwide initiatives such as diversity, K-12 relationships, and selected research and technology transfer initiatives.

- **Dollars came from some very tough choices:**
 - closing the Waseca campus;
 - completing the reduction of undergraduate enrollment on the Twin Cities campus by 6,000 full-year-equivalent students (the legislative target) in order to improve the quality of education;
 - eliminating most four-year teacher education on the T C campus;
 - closing down other majors, programs, and centers.
- **This plan stayed on course and schedule** in spite of massive State budget cuts, reallocating even more than had been planned, in order to provide salary increases that could not be funded by the State
- **Where we are going**
In the development of "University 2000" (September 1, 1993), we are reassessing academic reforms needed for the 1995-2000 period:
 - to ensure that we will be a leading global research university;
 - to ensure that we offer outstanding undergraduate education, drawing fully on the resources of a research university;
 - to improve the access to, and the quality of, job-oriented degree and certificate educational programs, in partnership with other institutions.
 - to ensure the University's usefulness to the citizenry as a user-friendly "University in the community."

The Accountability Reform Agenda

The accountability agenda was largely framed in 1988-89, but its roots go back decades, as management tools and practices were neglected and failed to keep up with increasing demands for public accountability.

- The University implemented the financial management reforms recommended by the Governor's Blue Ribbon Commission (the "Spencer Commission" 1989), including completely new, computerized financial management systems.
- Facilities Management reengineered and reorganized in response to the recommendations of the Legislative Auditor.

- Internal auditing was strengthened, and the Board of Regents established a standing Audit Committee.
- Human Resources management was completely reorganized into a single unit to serve faculty and staff; procedures have been streamlined, and training programs have been greatly expanded.
- All of central administration prepares annual work plans and performance evaluation reports, and most administrative units have participated in internal and/or external reviews by independent panels.
- New Regents' Agenda Guidelines have thoroughly overhauled the processes and the flow of information needed for Board decisionmaking.
- Regents' policies have been comprehensively reviewed, revised, and recodified in a greatly improved *Policy Book*.
- The Regents' new policy on the Medical School's Private Practice Plan ensures full public accountability, including public disclosure of all salaries, and new policies for other Health Sciences units are under development.
- Medical School management structures and practices have been reviewed and are now being redefined and reorganized.
- External reviews and audits of the Supercomputer Institute and the Supercomputer Center have either been completed or are underway.
- Strict controls and fully public Board of Regents decision-making on the size and uses of Central Reserve funds have been implemented.
- Management and fundraising for Eastcliff were put under independent oversight and control.
- Whether found by internal or external auditing and review, problems that have been found have been dealt with, and those responsible have been held accountable.
- Both the Operating Budget process and the Capital Budget process have been completely restructured, with emphasis on matching resources to academic priorities.

The Twin Cities Campus Intercollegiate Athletics Agenda

The University of Minnesota is committed to playing a leadership role in the reform agenda for intercollegiate athletics:

- at the national level, through the NCAA;
- at the regional level, through the Big Ten and the WCHA;
- and most importantly at the University of Minnesota level, with athletic administrators and coaches committed to high educational and athletic standards, rule compliance, and equity.

The University is formally committed to achieving a 60:40 male-female participation rate in intercollegiate athletics.

Compliance with NCAA and conference rules is now monitored by a full-time Athletic Compliance Officer.

There is a strong and successful academic counseling program to provide scholastic support to male and female athletes.

Twin Cities campus Directors of Men's and Women's Intercollegiate Athletics report directly to me and meet with me monthly. Both submit annual plans and annual achievement reports to me as part of their annual performance evaluations, which cover both athletic and academic performance measures.

The athletic departments participate in the same planning and budgeting processes of the University as the collegiate units.

The Twin Cities campus athletic facilities project (\$42 million) is being completed as a self-supported project, without cost to taxpayers, as an investment in a strong campus community and strong athletic programs.

The University of Minnesota is committed to maintaining highly competitive intercollegiate athletic programs.

Accountability, Productivity, and Return on Investment

- We awarded 10,920 degrees last year.
- 170,000 Minnesota citizens are among the 350,000 living University of Minnesota alumni.

- The graduates of just one college, the Institute of Technology, have started 1,027 companies.

—618 of these companies are in Minnesota.

—They employ 56,000 Minnesotans and add \$12 billion to our economy.

- University faculty members attracted \$263 million in research funds last year.

—Research funds, not state tax dollars, created 6,000 jobs in the University and 4,000 more in the community.

- Stronger patenting efforts since the mid-'80s have ranked Minnesota 6th among all U.S. universities in patents granted from 1986 to 1991.
- Two thirds of our employees are supported by nonstate funds, a 46 percent increase over the last 16 years.
- The number of state-funded employees has decreased over this period.
- The state appropriation makes up 28 percent of the University's total revenue, down from 39 percent in 1953.
- The state invests \$435 million a year in the University.
- Other sources invest \$1.137 billion.
- Combined, these create another \$523 million in indirect economic impact and another 13,413 jobs.
- \$125 million is immediately returned through taxes paid to the state.
- More important, this investment keeps giving in terms of new knowledge and a better educated citizenry, leading to a better quality of life.
- Investment in the University is investment in Minnesota's future.

• Community Building Activities •

We have many new exciting initiatives that will be launched this fall to enhance community at the University of Minnesota. These efforts are being coordinated by the Office for Student Affairs. Recently the University received a FIPSE (Fund for the Improvement of Postsecondary Education) grant to help frame our community building efforts. FIPSE and other higher education institutions have told us that we are on the cutting edge with these ideas and are watching as we implement these programs.

This fall all new students will receive a free copy of the Gopher Guide. This is a new publication, funded in part by FIPSE. The Gopher Guide lists campus resources, contains a comprehensive campus calendar, and provides a tool for students to build their resume by recording and assessing the various programs and activities in which they are involved. Integrating student ideas and perspectives, a diverse group of staff and students planned this guide.

In addition to the Gopher Guide, the following events and programs are to be implemented this fall:

- "University Community Celebration with Garrison Keillor" on September 15, 1993, 11:45 a.m.-1:00 p.m. University Relations is coordinating this event on the Northrop Mall.
- "Nils' Movers and Shakers" will be held for a second year on Sunday, September 19, 1993. I will be joined by other administrators, staff, and student leaders greeting and assisting new students and their families as they move into the residence halls.
- "Paint the Bridge" on September 23 and 24, 1993. Students, staff, and faculty will be helping to beautify the campus by painting the Washington Avenue pedestrian bridge on the first days of fall quarter.
- "Lunch with Leaders" will be held again this year on September 29, 1993, 11:45 a.m.-1:00 p.m. Each of you have been invited to assist us in serving lunch to students on Northrop Plaza.
- "U FEST '93: A Celebration of the University Community" on October 23, 1993, 2:00 p.m.-4:00 p.m. Each of you will be invited to join us as we showcase the University and welcome new students, families, and friends.
- "Building Bridges with Students and Faculty" is a new program being launched in the College of Liberal Arts with Student Affairs. The goal of this program is to enhance mentoring opportunities for students with faculty. (Research suggests that contact with faculty is one of the single best predictors of student retention and satisfaction with the college experience.)
- "WOW: What's on Wednesdays" is a new program to provide communication and collaboration of campus programs and events. The WOW initiative goal is to encourage commuter students and traditionally marginalized student groups to stay on campus and participate in activities outside the classroom with Wednesday as the focused day.

• Personnel •

Earlier this morning, in addition to honoring University Police officer **Marianne Olson** for her heroic rescue of a woman from the Mississippi River, members of the Board were introduced to **Ms. Joy Rikala**, our new Director of the University of Minnesota Police Department, and **Dr. Francis Kulacki**, our new Dean of the Institute of Technology.

Other new permanent appointments to administrative posts this month include:

Professor Donald R. Riley, Associate Vice President and Associate Provost for Academic Computing and Information Technologies;

Assistant Professor Clarence Carter, University Grievance Officer;

Professor Geoffrey Maruyama, Director of the Center for Applied Research and Educational Improvement in the College of Education.

Appended: *Strategic Planning: Status Report No. 2*

11/10/93
-11-10-

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
October 8, 1993**

Madam Chair, Ladies and Gentlemen of the Board, "it's been a busy month" for the University community. I borrow and amend that characterization from our friend, Garrison Keillor, who gave us the gift of headlining a celebration of appreciation for University staff and faculty. He usually talks about a busy week; in fact, we're in the middle of several very busy weeks.

I am particularly pleased with this year's unusually varied activities welcoming students, faculty, staff, and other guests, as well as celebrating University accomplishments. In addition to Garrison Keillor's appearance and the half-dozen other Office of Student Affairs events that I described in last month's report, other campus activities include:

- a Carlson Distinguished Lecture by First Lady Hillary Rodham Clinton;
- UMD's Parents Weekend and Homecoming festivities, October 2-3;
- a Greek System reception on September 14, which was followed by Interfraternity Council/Panhellenic Rush on the week of the 20th;
- Chancellor Sargeant's variation on "Nils' Movers and Shakers," where he roused his crew out of bed at 3:00 in the morning to unload and unpack a truckload of laptop computers, probably setting a world record for time elapsed between the ordering and delivery of 900 computers;
- a reception for new and returning graduate students kicked off graduate student orientation on September 20;
- the 40th Anniversary of the James Ford Bell Library, celebrated on October 5;
- the Institute of Technology's "Career Fair," October 6;
- more than a week of concert events, starting October 9, celebrating the public opening of the Ted Mann Concert Hall (one of the concerts features the University of Minnesota, Morris choir);
- the 75th Anniversary of our Public Health Nursing program, celebrated on October 11;
- the induction of the first members of UMM's new athletic hall of fame;
- UMD's "LearnFest '93," a student-faculty forum highlighting innovative and high quality teaching and learning techniques used on campus; and

- Twin Cities campus Homecoming Week, starting October 18, including Student Appreciation Day and Commuter Day on the 20th, and culminating on the 23rd with "U Fest '93: Celebrating the Spirit of the University Community," and the homecoming game with Wisconsin;

There are many, many more, sponsored by student organizations and University programs on all four campuses. Their number and variety are most encouraging steps toward building the kinds of campus communities we have been seeking.

• Faculty Representative, Women's Intercollegiate Athletics •

This morning we honored Dr. Jo-Ida Hansen, Professor of Psychology, with a Board of Regents Certificate of Appreciation for her 12 years of service as Faculty Representative for Women's Intercollegiate Athletics. That called up personal memories; Dr. Hansen and I served together as members of the Assembly Committee on Intercollegiate Athletics back then. The annual budget for Twin Cities campus women's athletics was only 26% of what it is today, but the program was finally beginning to grow and develop.

Dr. Hansen contributed a great deal to that growth and development. During her tenure, she served on dozens of athletics committees, including the President's Task Force on Intercollegiate Athletics and the President's Task Force on Gender Equity, and she served as Chair, Big Ten Athletic Conference.

Effective this month, Dr. Mariah Snyder, Professor of Nursing, is our new Faculty Representative. Dr. Snyder has been a member of our faculty since 1975, when she was an Instructor while completing her doctorate. In addition to her service on a long list of academic committees, her athletics committee service includes the Assembly Committee on Intercollegiate Athletics, the 100 Women Committee, the President's Management Team for Athletics, the Patty Berg Development Fund Advisory Committee, and the Gold Digger Friends of Women's Volleyball.

• "I.T. 1000 Companies" *The Institute of Technology* •

Accepting the risk of early press coverage by giving you advance copies of another University document, I want you to have your own reference copy of "I.T. 1000 Companies." Since 1991, I have reported several times on the Institute of Technology's efforts to gather accurate, useful information on the private companies that have been founded by I.T. alumni and/or faculty. Next week, the Institute of Technology celebrates passing the milestone of identifying more than 1,000 such companies by publishing a report that I regard as accountability in the best sense.

It is being accountable to explain—and, where we can, measure—the University's role in Minnesota's economic development and the University's true impact on Minnesota's economy. Over the past several years, our efforts to explain and measure our role and impact have usually featured research funding, basic and applied research programs, invention patents and licensing, and technology transfer initiatives.

"I.T. 1000 Companies" is the best explanation that I have seen that undergraduate and graduate classrooms are also engines of economic development—the sources of massive economic impact. The total economic impact of I.T.'s undergraduate and graduate classrooms can never be fully measured; there is no way to capture the additional impact of each and every graduate who goes to work in businesses, small and large.

What can be measured, however, are the effects of our I.T. graduates and faculty members who establish new companies, create new jobs, and inject new dollars into the economy.

We can now report 1,003 new companies, more than 150,000 new jobs, more than 20 billion new dollars a year. That's worldwide.

Closer to home, we can report 618 new companies in Minnesota, creating more than 56,000 new jobs for Minnesotans (many of them our graduates), and injecting \$12 billion a year into the Minnesota economy.

This book documents real companies, real jobs, real dollars. These aren't estimates or "guesstimates" or extrapolations from samples. The only examples—they're better called exemplars—are the 16 I.T. founders who are profiled in this book, two from each of the eight business sectors around which the book is organized.

Their personal stories flesh out some of the statistics, and for each business sector, you will find an expanded version of what I've called the "I.T. constellation," which shows when I.T. founders started their companies, as well as the "progeny" companies, where I. T. graduates went to work in I.T. founders' companies and later went on to establish their own companies.

The first of these reports came out in September, 1991. At that time, I.T.'s "constellation" included 413 companies, and the graphic was set up in the Regents Room in a matter of a few minutes on a clever display unit developed by I.T. alumnus Bryan Beaulieu, founder of Skyline Displays.

Things have grown. Bryan's more recent display unit is the "New World" that was put up in a few hours on Northrop Plaza. I.T.'s constellation has at least 590 new member companies, many of them companies that were in business in 1991; we just hadn't collected complete information, and I suspect there could be a few more that haven't been reported.

Some of them started since 1991, and that leads into a vitally important point about this whole story. The story isn't over. I.T.'s constellation is an expanding constellation. Some of the founders already listed in this book will continue their "serial entrepreneurship," starting more companies in the future. So will the "progeny entrepreneurs." Both will hire new graduates, some of whom will go on to found their own companies in the future.

That's real economic impact, and both our laboratories and our classrooms play vital roles.

• Accountability and Change / State of the University 1993 •

As I indicated last month, we have compiled a status report on actions taken over the past four-and-a-half years concerning our academic and management reform agendas. This report, "Accountability and Change," was developed to supplement the 1993 "State of the University" address, and both will be appended to this month's President's Report.

• "U 2000" Strategic Planning Status and Progress Report •

"U 2000" strategic planning will be on the Regents' agenda regularly for status and progress reports. One thing I would like to do in these status and progress reports is lift some important elements of the planning process into view. One of the problems we have is that the University is large and complicated, and there are so many dimensions that we need to deal with, that there is a constant threat that one issue will totally overshadow the other issues.

By lifting issues, in turn, into full view, I hope that we can have the necessary discussion to make it clear that, while we are not trying to be everything to everybody, we do have a number of issues that drive the University, not just a single issue or just a couple of issues. Today I would like to discuss four issues that are integral and important components of what we are trying to accomplish.

Diversity

The first issue that I would like to lift into full view today is diversity, one that is very basic to what we are, what we should be, and what the planning effort must be. One of the themes of my inaugural speech was "unity with diversity," incorporating into the University's agenda, in all its aspects, the fact that our society is diverse—that society's diversity must be taken into account if we are to serve society.

As we look at the demographics, it is quite clear that the number of students of color is going to significantly increase, especially in the metropolitan area. If we look at national recruitment, there is an increasing number of students of color. In every aspect of our planning we have to take this responsibility into

account. The University has a strong agenda on diversity. Every program in the "U 2000" strategic planning must further strengthen that agenda.

It was gratifying to see this morning that my former countrymen have had the wisdom of awarding the Nobel Prize for Literature to Toni Morrison, an outstanding African American. In research, scholarship, and the arts, in graduate education, in every branch of professional education, and in every aspect of undergraduate education, students of color have every right to be there and must be there if we are going to have programs of quality.

We must make sure that we recruit students of color, that they have access, that we provide the necessary support, that they succeed, and that they graduate from the University of Minnesota. We must serve them, and their education is a major contribution that the University must make to society. It has been interesting, in our interviews with employers, that one of the things they have said to us is, "You don't graduate enough students of color; we want to recruit employees of color, but you do not provide a satisfactory recruitment base for that." This is something we must address, and I want to lift this issue squarely into view. It is there as a fundamental assumption, and I want to be sure that fundamental assumptions are not missed as we proceed with our planning.

Exploration of intellectual frontiers

The second item that I would like to emphasize is that the strategic planning effort is very much an exploration of intellectual frontiers. We sometimes get into this notion that strategic planning is deciding which programs we are going to cut. That is about the 93rd level of activity of strategic planning. It comes only as financial constraints are imposed on what we are doing.

In a very fundamental sense, our planning effort is an exploration of intellectual frontiers. We have to position ourselves in such a way that the University of Minnesota is a leader, not in conveying old knowledge, but a leader in exploring new fields.

This is where we need a partnership with the community. The stakeholder conversations that we are going to have aren't at the bottom—they're at the heart of this intellectual exploration. What is it that society needs, and how can we match the intellectual disciplines, the academic disciplines, and the professions represented in the academy with the needs of society?

This is why we have structured the planning process in terms of clusters. Within those clusters, we are exploring the frontiers where we are going to position ourselves for the future. We have a number of responsibilities here. The dynamics of the academic disciplines are very important. The disciplines themselves develop, and we have to be sure that we are attuned to that development. We also must, even more than we have in the past, look to interdisciplinary developments in our planning process, because often the real innovation, the frontiers of knowledge, occur in the intersections between older

disciplines. We have some outstanding examples of that in the University, in fields such as neuroscience, interfacial engineering, cultural studies, policy science, environmental studies, etc. We have to be sure that we have mechanisms within the institution to sustain, encourage, and budget for activities that cut across traditional disciplinary and organizational boundaries. We have to maintain the necessary intellectual exchange among all the various components of the University.

Ideas and concepts

The third thing I would like to emphasize today is that what I have presented is my vision, a set of ideas, a set of concepts, and a set of directions. I have been called on to do that by the Board of Regents, by faculty and staff leadership, and by student leadership. I have done it not as some kind of personal whim. I have done it as my very preliminary effort to synthesize what has emerged from extensive discussions—and what also happens to be my own personal conviction. At this point, it is nothing more than that. It is not a plan. Don't come back to me and ask how I'm going to answer all the questions? I'm going to turn right back to you and ask how YOU are going to answer. I have raised the questions, and fundamentally my vision is a set of questions that Regents, faculty, staff, students, and our stakeholders must help answer. I don't say this because I want to shirk my responsibilities. In the end, I am going to come forward to you with the sharpest and strongest recommendations I can, but at this time it is terribly important that we understand the basic nature of what is happening with the process.

Financial strategy

The Board members have been justifiably pushing hard on financial strategy. Keep pushing us! We are pushing ourselves, because it is absolutely necessary that we build financial strategy as we develop our plans. I have seen too many planning efforts in the past that have been pie-in-the-sky, wonderful programmatic aspirations, but with absolutely no reality because they were not constrained by resource scenarios. Program and financing have to go in tandem. We have to develop a strategy, and we have to have components that fit together.

There have been important developments in the last several years. For example, we have implemented "all-funds" operating and capital budgets. Newer Board members may not realize that the Board used to see just the state-appropriated slice of the budget. You now see the entire budget, with all the components. We have to continue to evolve that so that the state-appropriated dollars are seen as a basic investment for each segment of the University. Tuition is an investment that the students can make, but we also look to private fundraising, sponsored research, and contractual arrangements of various kinds in order to exploit fully the financing strategies that are possible.

We need a contract with the state. In the Higher Education Advisory Council the other morning we had a discussion of the notion of a contract with the state

and the fact that we in education have to be prepared to be responsible for outcomes. We in education have to define outcomes, because society demands outcomes, and if we do not define them, then society is going to start defining them for us—there are many tendencies already. I believe it is our obligation to do it. I believe that people who are steeped in education, who spend as much of their lives working in education as this Board does, are in the best position to approve outcomes. When I talk about a contract with the state, I mean a set of outcomes that we can deliver on specified financial terms. I understand that it is very hard to enter into these contracts when you have biennial budgets being appropriated, but I believe we can take important steps, and I believe the ground is prepared for entering into those kind of arrangements. We must wrench ourselves out of the bind of last-minute annual budget crunches where, because we didn't get enough money of one kind, we have to go to another source on a crash program basis in order to provide quality education.

We need a contract not only with the state, but we need a contract with the students. I would like very much to say to students when we recruit them, "This is an outline of the contract for your program and degree. You contract with us to be prepared. You contract with us to devote your time to full-time study, if possible, or part-time study on some kind of defined basis. We commit ourselves to financial arrangements for the contract period; we will tell you what it is going to cost you for that entire period. If you hold up your part of the contract, we will guarantee you graduation by the agreed-upon time."

Consultation

The final point I would like to make is that we are in consultation within the University right now, and that the entire University community has been invited, enlisted, and encouraged to participate. We are doing whatever we can to provide those opportunities. But, we also call on the entire University community, on their own initiative, to seek out those opportunities. Similarly, we are in consultation around the state. When people ask who has prepared this plan, my answer is that we haven't prepared a plan. We have put some questions, ideas, and concepts on the table. Please respond; you have to help us formulate the answers.

Appendices:

1993 "State of the University" Address

"Accountability and Change: University Accomplishments, 1989-93"

MBG
2/1/94

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
November 10, 1993**

Madam Chair, Ladies and Gentlemen of the Board, in addition to the three forums that you held on November 8, we have conducted twenty-five "U 2000 Conversations with Minnesotans." Another twenty are scheduled over the next several weeks; more will be added as we go along.

I cannot emphasize strongly enough that these are, indeed, conversations—two-way communications in which we are laying out goals and directions, inviting the scrutiny and advice of all types of stakeholders. To some extent, this process, itself, is breaking new ground by conversing with stakeholders before we have all the details of implementation spelled out. Regents who have taken part in these "U 2000 Conversations" can attest that many stakeholders are not accustomed to this new approach. There are suspicions that there must be detailed plans already written. There is frustration that general goals and directions somehow cannot be judged without knowing, in detail, what specific steps will be taken to implement the general vision.

The "U 2000 Conversations" provide us an opportunity to explain that we are, in fact, consulting early—before we turn to the campus, cluster, and college planners whose efforts will begin in January. Those campus, cluster, and college efforts will, by then, have the benefit of knowing considerably more about the views expressed by our owners and customers, the people of Minnesota.

We know only some of the views at this halfway point in our series of conversations. As members of the Board know, we are taking care to listen in these conversations, with survey forms filled out by participants and with University staff members in attendance to report on each discussion. These reports will be collected and analyzed when the current series of conversations is completed, but we are already hearing common themes in stakeholder comments:

- Stakeholders like the process. They appreciate being asked—and being asked early enough to have a say in the final outcomes.
- Stakeholders place great importance on the University recognizing the need for change.
- Stakeholders see the greatest need for change to be in undergraduate education.
- Stakeholders support quality improvement as a fundamental priority throughout our strategic planning.

- Stakeholders want the University to be more actively engaged with its "customers," listening to their needs and serving those needs in friendlier, more useful ways.
- Stakeholders have been generally supportive of "U 2000," but some express the concern that we might not be able to find the money to carry out our plans.
- The stakeholder worry expressed most often is that "U 2000" might be scuttled from within the University, blocked by an academic culture that will resist change, protecting the *status quo*.

We are already involved in change—long term, institutional change that began at least ten years ago. The needs for change and the basic directions for change were spelled out, back then, by task forces and committees that were made up primarily of students, staff, and faculty members. Ever since, institutional change—by whatever name—has dominated the agenda of our academic governance structure. That's evidence of long term commitment to change, not resistance.

Some of that change has been accomplished. It's now part of our *status quo*, and at this point those accomplishments need to be protected.

Other changes have been only partially accomplished over the past decade. Now we have to protect the progress made and continue to make progress, modifying our strategic plans to take into account both improvements already made and changes in the realities we face today.

"U 2000" has never been intended as a radical change in a whole new direction. There are new ideas on the table, but they join ideas we've worked on for years, and the new ideas haven't been simply plucked out of the air; they are grounded in what we've tried to do, what's worked, what hasn't, and what new challenges and opportunities are emerging.

• "University 2000: Mission, Vision, Strategic Directions, and Performance" •

I've never been fond of starting a description by emphasizing what something is not, but the "U 2000 Conversations" have convinced me that I should in this case. We discussed three draft papers this morning:

"Mission, Vision, Strategic Directions, and Performance"
 "Institutional Strategic Financial Issues"
 "Strategic Planning Process"

These new drafts do not provide the detailed plans that some have wanted to see. Detailed plans come later, after the Board has taken action on broad principles in January.

Today's drafts are intended to elaborate upon the "working hypothesis" that I described at your retreat in September and presented at the September Board meeting. They represent the next step toward your action on general principles in January, but there will be revisions, based on the further "U 2000 Conversations," before these documents are presented to the Board for information and discussion at the December meeting.

Historical perspective is particularly important for the paper on "Mission, Vision, Strategic Directions, and Performance." Since early September, most of the public discussion of "U 2000" has focused almost entirely on what is new—not the changes that are already on our agenda. This new draft tries to capture both the continuing change agenda and the new ideas that are developing. Because this paper is more comprehensive, what is brand new will stand out less obviously. That may be a problem for some readers, but if we want real institutional change to keep happening, our strategic planning must recognize and incorporate the current *status quo* that I described earlier.

• **"State of the Campus" Address - Student Body President Tony Wagner** •

Twin Cities campus Student Body President Tony Wagner gave his "State of the Campus" address on October 21. His comments and proposals were directly germane to "U 2000," and, neither endorsing nor arguing with his proposals, I appreciate his contributions to the continuing dialogue.

Mr. Wagner presented a five-point vision of the University:

1. An affordable and accessible University, where qualified students will want to attend and be able to attend. He proposed a "Tuition Options Program" that would include three more options in addition to our current pay-as-you-go system.
 - University-funded loans for all 4-5 years, taken out at the beginning of a student's college career, with income-based payments starting after graduation. Students would have the security of knowing that full-time study toward the baccalaureate degree is fully financed from the outset.
 - Guaranteed 4-5 year tuition rates. If students take longer, they would have to pay the new current rate at that time, but for 4-5 years students would know what their tuition rates will be.
 - A pre-paid tuition program, where parents could contract with the University to pay into a tuition account a monthly amount, based on the tuition rate when they begin the program and the number of years before admission.

2. A University that will graduate students more rapidly, with highly competitive degrees.
 - Tuition options would permit full-time study or require less time in student employment.
 - Sequenced courses would be offered more often.
 - More competitive students would be recruited.
 - The University would invest more heavily in key core programs.
3. A University that is not only user-friendly, but student-friendly.
 - A single building would house all student services.
 - Computer and telephone registration (in progress) would be emphasized.
 - The Student Accounts Receivable System (STARS) would be expanded.
 - A centralized database on scholarships and awards (in progress) would give one-stop access to that information.
4. A University that has a diverse population.
 - Active recruiting of qualified minority students from around the world.
 - Special attention to retaining those students.
 - Efforts to teach all students the importance of diversity and how it affects them.
5. A University that fosters an undergraduate experience that students will remember as the best times of their lives.
 - Bring back traditions; create new ones.
 - Encourage students to spend more time on campus.
 - Foster ownership and membership in the campus community.

With as much substantial agreement as we have between the Student Body President's and University President's visions of the University, we clearly have the opportunity to work more closely together. I'm looking forward to doing just that.

• Personnel •

President of the University of Minnesota Health System

At last month's special meeting, your approval of the appointment of Mr. Greg Hart as President of the University of Minnesota Health System was the first major implementation step in the reorganization of Health Sciences administration. Through the new Health System structure, our clinical programs will be in a better position in the increasingly competitive health care market, and within the University's Health Sciences, our clinical and academic programs will be fully integrated.

Specific marketing and contracting issues related to the University of Minnesota Health System were discussed earlier today by the Board of Regents, meeting in a closed session, as authorized by state law. The discussion was subsequently summarized by Regent Jean B. Keffeler, Chair of the Board, and her statement is appended to this month's President's Report.

Provost, Health Sciences

The second major step is the search for the Provost for Health Sciences, which was initiated last week. The search committee is chaired by Regents Professor Alfred F. Michael, Head of the Department of Pediatrics, and the committee has already held its first meeting. I have asked that a slate of no less than three candidates be submitted to me by February 15, 1994.

This is a new position, recommended in the reorganization of the University's Health Sciences. Under that restructuring, the Provost will be the senior officer for all Health Sciences matters and will report directly to the President. The Provost will be responsible for the Schools of Medicine, Dentistry, Nursing, Pharmacy, Public Health, and Veterinary Medicine on the Twin Cities campus, the School of Medicine at Duluth, and the new University of Minnesota Health System.

Vice President, External Relations

This week, I have appointed the committee and initiated the search process for the Vice President for External Relations. I cancelled an earlier search in April of 1992, asking Kathleen O'Brien, Associate to the President, to assume these oversight duties on an interim basis. She has done an outstanding job under very difficult circumstances, but I was not able to convince her to serve as vice president on a full-time basis.

Dean Robert Bruininks of the College of Education is chairing the search committee. I have asked the committee to recommend two or three finalists for this position by January 24, 1994.

• Awards •

Regents Professor Leonid Hurwicz has been awarded an honorary Degree of Doctor of Laws from the University of Chicago and an honorary Degree of Doctor of Economics from Keio University in Tokyo, Japan.

Chapter of the American Institute of Architects. Ms. McCracken-Hunt received the organization's Presidential Citation for her leadership in facilitating change in the management of University building projects, resulting in better utilization of architects' services and Facilities Management's uses of A.I.A. documents.

University Graffito, the University of Minnesota's new student magazine, which published its first edition in September, won the Best of Show Award at the 1993 National College Media Convention.

Appended:

Statement on University of Minnesota Health System, Honorable Jean B. Keffeler, Board of Regents Chair

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Statement by Regent Jean B. Keffeler, Chair

Wednesday, November 10, 1993

Yesterday afternoon the Board met in closed session to discuss specific marketing and contracting issues related to the University of Minnesota Health System. Under state law, that discussion is authorized to be held in a closed meeting. However, we believe it is important to set forth some of the considerations that led to that meeting and flow from that meeting. We believe it is important to establish a public record to ensure greater understanding of the important issues we are confronting in Health Sciences, particularly those issues with respect to the competitive and financial future of our Hospital, and finally, we believe it is important to energize public discussion and debate on these matters.

As we all know, the local health care environment is becoming increasingly competitive, and state law, and perhaps federal law in the future, will require our Health System to participate in integrated service networks, or ISN's. Health care providers and managed care plans are forging strategic alliances, and in some cases are actually merging. We certainly have seen a good deal of this in our community. Our own University of Minnesota Health System must be responsive to these changes in the health care delivery environment.

We wish, as a Board of Regents, to articulate certain values to guide the positioning of our Health System in this new competitive environment. I will proceed to outline four of these values:

- We stress, as a Board, our commitment to maintain the University of Minnesota Medical School as a leading center for medical training and research.
- We recognize the imperative of maintaining a financially sound University Hospital, because it is essential to a first-rate Medical School. However, we also acknowledge that over time the character of our Hospital, as well as other hospitals, will necessarily change. The financial integrity of the University Hospital has implications for the Medical School; it also has implications for the financial position of the University of Minnesota as a whole.
- We are very concerned that the character of the University of Minnesota Health System, as a public resource for the benefit of the people of Minnesota, be maintained. We stress the maintenance of that public character.
- We need to recognize and draw attention to the fact that unique costs are incurred by an academic medical center in fulfilling an educational mission. We must do everything that we can to preserve the state's commitment in assisting and financing those special costs.

With these four values or principles in mind, all of which were discussed by the Board in our meeting yesterday afternoon, we certainly recognize that our Health System must forge strategic alliances in order to effectively participate in this new reformed health care system. We have encouraged the Board of Governors and the staff of the Health System to aggressively pursue alliances, consistent with the plan that this Board approved in 1992. Ultimately, of course, the Board of Regents will be responsible for authorizing any major new alliances, but we have encouraged and authorized the Hospital Board of Governors and the staff to aggressively put themselves at the table in terms of discussing these new strategic alliances. These alliances are competitive in nature and they may require our Hospital and the Board of Regents to eventually make choices about preferred partners. Consistent with one of the values that was articulated earlier, we hope to do so in a spirit of non-exclusivity. As a Board with governance responsibility for a public entity, that is a principle that is very important for us. We want to maintain access as much as possible for all Minnesotans, and we want to minimize any disruption of long-term, valued educational relationships with other public teaching hospitals in our community, some of which are themselves in the process now of forming strategic alliances, the outcome of which alliances may portend exclusivity in those instances as well.

What I think we are trying to do here is put on the table very squarely the tension between the public character and our recognition that this is a very, very competitive environment. We need to engage a lively discussion on how we manage the tension between those two values. We do want our concern about these matters to be a matter of public record, as we do want to signal our commitment to maintaining a very strong and excellent Medical School.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
December 8, 1993**

Madam Chair, Ladies and Gentlemen of the Board, the past month has been filled with continuing and constructive U-2000 activities. By the end of this week, we will have held fifty "Conversations with Minnesota," double the number I reported to you last month.

I want to thank the representatives of stakeholder groups and the University staff members who've worked so hard to schedule these many meetings all over the state. I also thank my administrative colleagues who've served as presenters and our Minnesota Extensive Service colleagues who've kept our conversations on track as facilitators. And I especially thank the members of the Board for participating in this conversations with us. On campus and off, we've heard time and again that your active participation has been particularly appreciated.

Along with the "conversations," work has continued on the refinement of the strategic planning materials, especially the *University 2000 Mission, Vision, Strategic Directions, and Performance*, the *University 2000 Institutional Strategic Financial Issues*, the *University 2000 Strategic Planning Process*, and the resolutions for action next month by the Board of Regents.

• Other Actions on U-2000 •

Resolutions of qualified, general support for U-2000 have been approved by the University Faculty Senate (12/2/93), the Graduate and Professional Student Assembly (11/22/93), and the Minnesota Student Association (12/3/93).

I am gratified that each endorses our general strategic directions, and I take very seriously the strong statements on the need for continued consultation that are contained in the resolutions. As specific plans and implementing actions are developed, they will be subject to consultation with governance organizations before being submitted to the Board for review and action.

The important thing is that we can now proceed in mutually supported directions—as a community—developing the detailed plans and answering the questions.

• President's Forum on Teaching •

I am particularly pleased to report that the first session of the President's Forum on Teaching, held November 17, was everything I had hoped these forums would be—a lively discussion of teaching and a demonstration of faculty interest and commitment to the improvement of teaching.

The forum was attended by 120 University faculty members, selected by deans as teams of four faculty members each from 30 departments—an important recognition of the importance of departmental commitment to high quality teaching.

The central topic of our first forum was "Cooperative Learning," featuring an excellent presentation on *Cooperation in the College Classroom*, by Associate Professor Karl A. Smith, Civil and Mineral Engineering, Professor David W. Johnson, Educational Psychology, and Professor Roger T. Johnson, Jr., Curriculum and Instruction.

The Johnson brothers are principal investigators for the Cooperative Learning Center in the College of Education. They are internationally known for their teaching, research, and outreach in K-12 cooperative learning. Their collaboration with Dr. Smith has produced a paper and bibliography that I would recommend enthusiastically to any college or university teacher.

• Management Reorganization •

One of the four priorities agreed upon for 1993-94 was the following:

Strengthen and clarify the management infrastructure, including personnel and systems, to ensure the capability of the organization to execute the strategic plan as well as the policies of the Board and management.

- *Review and evaluate the organization of central administration to determine the effectiveness of the structure to implement the strategic plan and priority tasks, to enhance the utilization of the experience, skills and vision of the administrative team and to strengthen accountability.*

- *Restructure central administration, as warranted, to redefine roles, responsibilities, and authority to meet objectives stated above.*

My report today is a status report. The processes of review and evaluation are underway, with the assistance of McKinsey & Co. Inc., whose consultants have completed about twenty interviews with central administrators and deans, with several more interviews to be conducted.

The interviews focus on structure, roles, and responsibilities. The issues raised in all three areas are being evaluated in order to develop appropriate position descriptions and define more clearly the roles and responsibilities of each central administrator, as well as the processes of consultation and decision making.

We plan to complete this phase by April.

- *Examine the organizational structure of the Health Sciences and University Hospital/Clinic to strengthen the management and to ensure the resilience of the enterprise in this period of dramatic change and competition.*

- *Restructure the Health Sciences and University Hospital and Clinic, as warranted, to redefine roles, responsibilities, and authority to meet objectives stated above.*

(U of M Health System approved by the Board, October, 1993.

Search for Health Sciences Provost initiated Nov. 1993.)

Our examination of organizational structure is being carried out by a Health Sciences management team, coordinated by a steering committee consisting of Mr. Winston Wallin, Senior Vice Presidents Infante and Erickson, Deputy Vice Presidents Chou and Elzay, Health System President Greg Hart, and chaired by me.

Mr. Winston R. Wallin chairs the task force, whose efforts have produced the major restructuring steps that were approved by the Board in October:

- the proposal for the overall structure of the Health Sciences;
- the establishment of the University of Minnesota Health System as the new structure that positions the University of Minnesota Hospital and Clinic for the health care market and links the clinical activities of the Health Sciences with the new Health System; and
- the initiation of key personnel searches:

President of the University of Minnesota Health System (Mr. Greg Hart appointed at the October 26 special meeting of the Board)

Dean of the Medical School

Chief Financial Officer for the Health Sciences

Provost of the Health Sciences.

Dr. Shelley Chou is responsible for management changes in the Medical School and the development of revised medical practice plans.

Dr. Richard Elzay coordinated the development of new private practice plans for the School of Dentistry and the School of Nursing, which were approved by the Board in November.

- *Examine the organizational structure of the Twin Cities campus other than the Health Sciences to strengthen the management and to ensure the resilience of the enterprise in this period of dramatic change and competition.*

- *Restructure Twin Cities campus other than the Health Sciences as warranted, to redefine roles, responsibilities, and authority to meet objectives stated above.*

The examination and possible restructuring of the Twin Cities campus will be informed by any restructuring of central administration and by plans that may emerge from the U-2000 strategic planning process.

- *Examine and revise Board and administrative personnel policies so that they clearly differentiate human resource policy principles from management implementation procedures. Consult with University governance groups and bring forward for Board approval a defined set of human resource principles that include: compensation, training and development, recruitment, renewal and retention, leaves, and diversity.*

The examination and revision of personnel policies is in process. Draft materials are ready or nearly ready for consultation with the appropriate University committees. This is being coordinated with the parallel effort of the Board of Regents Office to revise the Policy Book.

• Conference on High School Graduation Requirements •

An important statewide conference is in progress today at the Humphrey Institute. Dr. Joe Nathan, Director of the Center for School Change, and Dr. Dale Lange, Associate Dean of the College of Education, are co-hosting the day-long conference on **Minnesota's Evolving Graduation Rule and Collegiate Expectations**. The final details of the proposed graduation rule are still being worked out, but the goal is to implement graduation requirements that reflect "outcome-based education." Participants include legislators, the MHECB, the Minnesota Department of Education, and representatives of Minnesota high schools, colleges, and universities.

Whenever I have lauded the process and progress of strengthened preparation requirements (which has been often), I've recognized that further reform and change—at either the secondary or postsecondary levels—will surely require a continuing commitment to cooperative openness to new ideas. Preparation requirements based only on courses taken were never intended as a final answer to secondary—postsecondary articulation. I have always regarded our requirements as a temporary step, a "tool at hand" that we could use until we develop better tools.

The same must be said about admission standards, which have always evolved as new tests were developed, and as colleges and universities have discovered the strengths and limitations of high school rank and a variety of other measures or procedures. As the elementary and secondary schools change,

colleges and universities are obligated, in my view, to be flexible and creative in developing revised or optional systems for making admissions decisions.

This imperative goes well beyond the mechanics of admissions; college and university teaching techniques and curricular structures must also be prepared to take into account the widening variety of student experiences in "regular" and "alternative" schools. As we, in the University, and our colleagues in the other systems continue to pursue quality improvements in undergraduate education, it is absolutely essential that we also continue the spirit or substance of partnership with the K-12 system—in all of its configurations.

I am much encouraged by the record of cooperation that has been developing over the last several years, among K-12 and postsecondary educators, as well as governing boards and governmental agencies. The cooperative efforts may be increasingly more complex, but conferences such as this one continue to demonstrate that we can and will work together.

• Rochester Area Chapter of Alumni and Friends •

I am happy to report some good news about the Rochester Area Chapter of Alumni and Friends. In the last couple of years, this chapter has become one of the most vigorous chapters anywhere. Regent Bryan Neel had called upon Dr. Joe Gibilisco, Doctor Emeritus at the Mayo Clinic, to spearhead this effort.

Dr. Gibilisco and a group of 24 University alumni did more than just reactivate the chapter. They made the new chapter stronger than ever. As a testimonial to Regent Neel's and Dr. Gibilisco's efforts, the University Minnesota Alumni Association awarded the Rochester Area Chapter of Alumni and Friends its 1992-93 Chapter of the Year award, best among 25 chapters around the country. Dr. Gibilisco has kept up his activity in UMAA; he now serves as a Geographical Representative to the UMAA National Board.

The chapter won this prestigious award because of the active involvement of its 288 members in programs that benefit the University.

- Their support of the Williams Scholarship Fund has been very strong. The chapter has held a golf tournament every Summer that raises about \$8000 for the fund.
- With the help of Marquette Bank and chapter vice president Ardell Brady, the chapter brought the University Marching Band to town last Spring for a concert at the Civic Center. Over 5,000 people attended, including hundreds of high school band students from the 5 surrounding counties. The University's recruiting office was there, recruiting possible future marching band members.

- The chapter has been active in raising funds for a new scholarship. Norm Hepper spearheaded the drive to establish a **Student Transfer Scholarship** which will be awarded to students who have completed their education at the University Center at Rochester Community College and who will be transferring to the Twin Cities campus of the University. The \$1,500 scholarships are scheduled to be awarded for the first time this Spring.
- The Rochester-Area Chapter of Alumni and Friends is instrumental in drawing non-alumni to the University. Many non-native Minnesotans live in Rochester, and the Alumni Chapter allows them to experience some of what the University has to offer, and they support the University in return. Ardell Brady, who will become president of the chapter in March, is an excellent example of a "friend" -- a non-alumnus who has taken an intense interest in the University.
- For the past two years, the chapter has held pep rallies during homecoming. This year, the Alumni Band played at the rally, and the members sold U of M hi-top athletic shoes to raise money for the Student Transfer Scholarship.

I'm deeply grateful for the strong leadership shown by the alumni and friends in Rochester. Congratulations!

• Weisman Art Museum •

At the opening of the new Weisman Art Museum, we had an opportunity to thank Frederick Weisman, other generous donors, and architect Frank Gehry.

The media coverage of the opening of the Frederick R. Weisman Art Museum has been extraordinary. I can now report some extraordinary statistics.

Opening receptions attracted 1,200 faculty members and 1,700 students. Opening day attendance was 7,000 people; 650 entered in the first five minutes! Opening week attendance was 15,000, more than half the number of visitors to the old museum in an entire year.

And since opening week, attendance has leveled off at about 500 people a day.

More important than these numbers, Director Lyndel King reports overwhelmingly positive reactions to the Museum and its exhibits from a far more diverse audience than the Museum had before.

I'm also deeply grateful for Ms. King, her staff, and the many dedicated "colleagues" of the museum for their wonderful work. Thank you!

• Sports Pavilion •

On Sunday, December 12, we will dedicate another wonderful facility, the Sports Pavilion in the remodeled, refurbished, and rejuvenated Williams Arena.

This remarkable facility is off to quite a start. Tomorrow and Friday, it is the site of what I hope will be two more victories for the University of Minnesota volleyball team in the NCAA Mid-East Regional Tournament.

Then on Saturday and Sunday, the Pavilion shows off its flexibility by hosting the Dial Classic Women's Basketball Tournament—and, I hope—two more University of Minnesota victories.

At the risk of stating the obvious, the ability to host back-to-back, two-day tournaments in a four-day period is a whole new experience for us. This remarkable facility has the flexibility in seating, lighting, equipment, and floor layout to handle women's basketball and volleyball, men's and women's gymnastics, and men's wrestling. It can seat up to 5,700 people, and the scoreboard—designed specifically to serve all three sports—can even measure crowd noise. When fans are loud enough, they'll light up a neon "Ms." and interactive strobe lights.

Even better, there's an academic scoreboard that will show off our department's and teams' grade point averages, graduate rates, and the like. That's a philosophical statement that makes the Sports Pavilion even more special to me.